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The Nation's Business

Canada's War Supply At the Crossroads

Canada is on the verge of most momentous and perhaps drastic changes in its war programme, particularly in the area of munitions supply. Several events have brought the question to sharp focus.

Two senior cabinet ministers, Hon. James L. Ralston, Minister of National Defense and Hon. C. D. Howe, Minister of Munitions and Supply, have returned to Ottawa after long visits to Britain.

En route to Canada, Mr. Howe conferred with Rt. Hon. Arthur B. Purvis, who also visited Britain a few weeks ago.

Mr. Howe has recently been named a member of the British Supply Council in North America. This council was set up two weeks ago with Mr. Purvis as its chairman. It is to "deal with all issues of policy concerning supply, including representations to be made to the U.S. Administration."

* * *

These visits should have very far-reaching results, for at least two important reasons.

1. The Canadian Government and those who direct the war effort on this continent must now have a clear picture of the war strategy and the part which North America and this country in particular are expected to play in that strategy.

2. Through such agencies as the new British Supply Council and the Permanent Joint Defense Board and by reason of the provisions of the new lease-loan act in the U.S., machinery is now, or will shortly be available to integrate the entire Anglo-U.S.-Canadian programme.

* * *

In short, we now have adequate knowledge and machinery for appraising and planning Canada's 1941 war effort. Such an appraisal and such planning is urgently needed.

As reported in a special and well informed article on Page 9, the present excellent accord between Britain and the United States is attributable in large measure to the fact that there has recently been such an appraisal and that there is now such a "plan." These two countries are planning a combined war and defense programme with all the facts before both of them. They are meshing their policies at every point.

* * *

In Canada there has not as yet been any such broad appraisal of this country's war effort. There has been no attempt to work out a "master plan," either in association with Britain or in association with the United States—or both.

We may now hope that Col. Ralston and Mr. Howe will insist on a master plan geared to the Britain-U.S. Timetable of Victory.

Thousands of executives and hundreds of thousands of war workers and troops are working and striving at their particular jobs. But neither in the armed forces nor in munitions and supply, is there at the present time assurance that each part of the programme is in harmony with the other, that first things are being put first, and that the whole effort is coordinated with that of Great Britain and the United States.

No such master plan can ever be static. It must be subject to constant revision and change. But there should be such a plan if we are to make the most efficient, effective use of the vast effort and resources now being poured into the war.

* * *

The need is particularly important in the field of war supply.

Mr. Howe, on his return from England, suggested that Canada's industrial effort should develop along three lines in order to achieve the maximum efficiency.

1. Expansion where Canadian industry has demonstrated its capacity.

2. Co-ordination with the U.S. to avoid duplication.

3. Application of British lessons in effective use of machine tools.

Underlying this programme is the urgent need for placing supply in the hands of someone freed from political responsibilities; someone with competence and authority to organize the entire procurement programme on a businesslike basis. The delay and confusion which has been apparent at Ottawa since Mr. Howe has been away are convincing proof of the weakness and shortcomings of the present inadequate administrative set-up.

* * *

From now on there can be no alibis that Canada lacks either the machinery or the knowledge with which to work out its "master plan" of war effort.

Those who are chiefly responsible for the war programme have spent week after week in intimate contact with every phase of British operations. We should be well informed of the probable character and course of the war and of the steps which it is believed must be taken to meet the challenge that lies ahead.

* * *

Even a master plan is not enough. There must be clear-cut direction to carry it out. It is most unfortunate

(Continued on page 2, col. 4)

Alberta Barter Plan May Freeze Debts

Wider Credit House-Marketing Scheme Reported to Embrace Clearing of Prior Claims Against Products Sold Through Government

From Our Own Correspondent

EDMONTON. — The Government has been busy hatching expansion of its credit house-marketing scheme, recently announced as planned, but hitherto has let out little or no detail as to how this is to be worked. With the deficit on operation of the credit houses or treasury branches officially set at over $300,000 in the last fiscal year, the Government is nevertheless moving boldly to extend the scheme.

From such information as can be gleaned from sources close to the Government, it is the aim to widen the virtual barter system which the credit houses and marketing plan sought to establish. By all present indications this will involve major revision of the credit house system, and an effort to institute a moratorium which in effect would seek to replace the disallowed debt legislation of 1936 and 1937.

The moratorium plan was originally cooked up as a "defensive measure," to protect Alberta from the supposed adverse results of putting the Sirois Report into effect. With the Report sidetracked for the time being by the hostile collusion of Premier Aberhart with Ontario and B. C., the moratorium is still a weapon in hand to clear the way for the enlarged barter system.

Moratorium in Prospect

There is now little doubt that the Social Credit forces here regard the moratorium as essential if the barter system is to work on a larger scale, through joint operation of the Marketing Act and the revamped credit house scheme. In a majority of cases the farmer's products are not his property to dispose of, free and clear, but are entailed by various debts, advances and other prior claims. This is a serious obstacle to diversion of produce into Marketing Act channels for disposal, and to creation of barter system credits in the treasury branches.

The plan of the Government, it is understood, is to freeze or disperse collectible prior claims against farm products, or at least to clear the way to channel such products into the credit-house-marketing system. With such a moratorium, the Government could take over grain, cattle, hogs, etc., to dispose of through the marketing system; and advance, say, three quarters of their value to the farmer in the shape of a trade claim balance at a treasury branch.

When the full amount had been disposed of, the remaining one quarter of value would be similarly credited to the farmer's trade claim account, less brokerage and commission of perhaps 5%.

To Replace System

The existing credit house system is slated to be wound up on Feb. 15, and replaced by the new and expanded barter house system. On Feb. 15, all credit house deposits—cash, treasury vouchers, transfer or trade vouchers—are payable in cash on demand. But as an alternative—and one which depositors no doubt will be pressured to choose—these deposits may be transferred in whole or part to a "trade claim" section of the account. Such transferred portions from then on could

(Continued on page 2, col. 4)

Prohibit Mail To U.S. Banks

May Modify Order Naming San Francisco and Detroit Banks

Sending mail from Canada to the Bank of America, San Francisco, and the National Bank of Detroit has been prohibited by post office order. The two banks named act as correspondents for some Canadian banks in California and Michigan, and the order also affects indirectly institutions such as life insurance companies, which do business in those states, involving the transfer of money.

No official reason is given for the order, but it is believed that the authorities sought to prevent the two banks acting as agents in the transfer of money from the United States to enemy countries.

Officials of Canadian banks believe the order will be modified to permit mail from Canada to pass if the banks give assurance that no Canadian money is likely to go to Italy or Germany as a result. This change is expected to apply at least to the National Bank of Detroit and possibly to the Bank of America as well.

The Bank of America, of which A. P. Giannini is chairman, was formerly known as the Bank of Italy. In a recent roster of the banks of the United States it ranks fourth in the United States with deposits of $1.6 billion and ninth largest in the English-speaking world.

The National Bank of Detroit stands 18th among United States banks with deposits of $589 millions and ranks 33rd among the banks in the English-speaking world.

Cockshutt Net Quadrupled

Sales Gain 24¾% Over 1939 — Expect 1941 Volume Higher

Sales of Cockshutt Plow Co. for the year ended Nov. 30, 1940, were almost 25% over the preceding year, C. Gordon Cockshutt, president, reports. For the first six months of the company's year it reported a sales gain of 65%. This gain was largely in the domestic market and the substantial upswing fell off sharply after European events made necessary a tightening of the blockade and curtailed exports of wheat.

Net profits are approximately four times higher than in the previous year at 78 cents a share.

Mr. Cockshutt states that purchasing power of the farmers has not kept pace with the country's average. A large part of last year's bumper wheat crop remains unsold in storage.

"Giving consideration to these conditions," writes Mr. Cockshutt, "sales may be considered as satisfactory."

"It is not unreasonable to expect a greater volume of business in 1941," concludes Mr. Cockshutt, after mentioning that the company is participating in several important war activities. He refers to imports of farm implements totalling $28 millions for the past 10 months, either duty free or under 7½% tariff, and suggests that, with American exchange, "a real problem," "some action might be considered for those lines produced in Canada at comparable American prices."

Montl. Power Gross Higher

Taxation Expected to Cut 1940 Net to Less Than $1.80 a Share

From Our Own Correspondent

MONTREAL. — Financial statement of Montreal Light, Heat and Power Cons. for the year ended Dec. 31, 1940, when it appears early this month, will show an increase in gross revenue of approximately $2 millions over 1939.

Net profit will equal less than $1.80 a share on the common stock. In 1939, total operating revenue of $25.6 millions was reported. Net profit of $9 millions was equal to $2.01 on the common shares.

Output of electricity increased 11.25% over 1939 and gas 2.56%.

This substantial gain, however, is not expected to be reflected in net earnings. Operating costs and particularly heavier taxation have contracted net profit in relation to gross revenue.

The figures show the grand total of war orders officially placed by Canadian and British authorities from July 14, 1939, when the Defense Purchasing Board started, up to the end of 1940. Orders placed in the past few weeks have boosted the total to around $1.2 billion, and informal orders raise it still higher. The totals shown include capital commitments for new plants and extensions and equipment for such factories. The item shown for the Air Training Plan covers construction of air fields and other facilities, other Training Plan outlay being included under "Canadian account."

Still Time to File Contest Entries

This week brings the deadline for entries in The Financial Post's contest on "Investing in Canada's Mines." The purpose of the contest is to assemble the best-informed views on how the investor should approach the problem of placing his funds in Canadian mining securities.

Some people have asked if it is possible to submit an anonymous entry. Anonymous entries will not qualify for the first and second prizes of $100 and $50, but will, however, qualify for an honorable mention award and, if rated highly by the judges, will be published in The Financial Post.

Rules and terms of the contest were briefly covered in last week's issue.

Aluminium Ltd. Moves Transfer Office

From Our Own Correspondent

MONTREAL. — Aluminium Ltd. advises the Montreal Curb Market the transfer agency and registrar for the company's preferred and common shares has been transferred from Toronto to Montreal.

Transfer agent and registrar in Canada for the common and preferred stock is National Trust Co., Montreal.

Howe's Return Signals Munitions Shake-up

From Our Own Correspondent

OTTAWA.—Drastic plans for the reorganization of the Department of Munitions and Supply were under discussion between Hon. C. D. Howe and his associates this week.

Controversy centres chiefly round a report which H. R. MacMillan, dynamic chairman of the Wartime Requirements Board, is reported to have submitted to Mr. Howe on his return from England.

During Mr. Howe's absence, Mr. MacMillan has been probing deeply into war supply administration. He is understood to have made some drastic recommendations including the setting up of a war priorities board and the dropping of several key officials from the department.

In his present capacity as chairman of the Requirements Board, Mr. MacMillan's duties are purely advisory. It is not certain that the Government will back up all of Mr. MacMillan's recommendations and moves by order-in-council.

Priorities Board

The proposed priorities board announced by Mr. MacMillan would have wide powers and would be a new and important link in Canada's war supply programme. Offices in Washington and New York are envisaged. Preferences in war supply would be enforced in the following order: aircraft, tanks, guns.

The view held here now is that Mr. Howe will accept the proposal for a priority board, but not the MacMillan recommendations as to reorganization of departmental officials.

How much authority Mr. MacMillan and his associate, Harry Carmichael, former General Motors executive, will be given under the new set-up, also remains to be seen.

Programme for 1941

Closely linked with this discussion are the direction and extent of Canada's procurement programme for 1941.

Mr. Howe, when interviewed in Washington, stated that Canada's tank programme was "out" except for a single British order now being handled at Montreal. The priority board announcement indicated that tanks would be given preference next to airplanes.

It is known that the British have withdrawn their order to buy some 2,000 of the new Anglo-U. S. tanks in Canada. Whether Canada will go ahead with production of about 1,000 tanks on its own must now be decided.

Ottawa believes that, despite Mr. Howe's statement in Washington, there will be a new tank programme.

The only specific announcement made so far by Mr. Howe is that production of Bren guns would be increased to six times the original order which was for 12,000 guns.

The War And Business . . A Weekly Round-up

News in Figures

Last week at Washington, Henry Morgenthau, Jr., tabled before the Foreign Relations Committee of the House of Representatives additional figures as to Britain's balance sheet position.

These supplemented an earlier statement which estimated British dollar expenditures in Canada in 1941 at $880 millions, and that Canadian assistance to the U. K. this year would total $260 millions.

* * *

The new statement included vitally important figures bearing on Canada-U. K. fiscal relationships. Most important was a complete statement of estimated expenditures and receipts of Canada and Newfoundland with the rest of the Empire from the outbreak of war until Dec. 31, 1940:

	Millions of U.S. $
Payments to Canada and Nfld. by Empire countries:	
For purchases by U.K.	795
For purchases by other Empire countries	125
Other payments by Empire coun.	10
	930
Receipts from Canada and Nfld. by Empire countries:	
For merch. exports by U.K.	170
For merch. exports by Emp. coun.	100
Int. and div. paid by Can. to U.K.	85
Other U.K. receipts from Canada (princ. Can. Exped. Forces)	20
	375
Empire deficit on merchandise, interest and dividends	555
Canadian assistance to U.K. (repatriation of British-held Canadian securities and increase in sterling balances held in Canada	330
Gold payments by British Empire countries to Can. and Nfld.	225

* * *

Past and Future

In short, Canada during the first 16 months of war gave assistance to Great Britain to the extent of $330 millions for repatriation of securities, plus increase in sterling balances held in Canada.

For the next 12 months, Canadian assistance is estimated at $260 millions or approximately at the same monthly rate as heretofore.

For 1941, Britain expects to need $880 millions of dollar exchange for Canadian commitments. This compares with $930 millions for the first 16 months of war.

This means expenditure in 1941 of $73 millions monthly, compared with only $58 millions monthly up to now—an increase of about 25%.

The U. K. "deficit" on Canadian account is estimated for 1941 at $660 millions compared with $555 millions in the first 16 months of war.

To meet this Great Britain presumably will be able to release a greater amount of gold or other assets than heretofore, once the lease-loan bill becomes effective.

* * *

Publish the Figures

When the Rowell-Sirois conference collapsed, Ottawa was preparing to table masses of detailed figures and charts bringing up-to-date the statistical labors of the original Commission.

A considerable staff of trained and competent persons, many of whom had worked for the Commission originally, had spent many months making this compilation. The figures would have thrown a great deal of valuable and presumably authoritative light on the present state of Federal-provincial finances.

So far the Government cannot make up its mind to release these figures. It has been urged to do so by many responsible people but so far has clung to its original view that these cannot now be published.

Just what the Government fears may happen if these figures were released is hard to understand. The common sense view is that they should be made public at once and not allowed to grow obsolete and uninteresting as did so many of the figures in the original Rowell-Sirois study.

* * *

Plants From U. K.

An enterprising Washington reporter got a "story" out of Hon. C. D. Howe by asking him about the chances of British industry migrating to Canada as a result of the war.

Mr. Howe's reply seems to have been of this order:

1. Some British manufacturers who had been bombed out of business had decided to re-open in Canada. Others preferred to establish branches in Canada and produce on both [illegible] of the Atlantic.

2. In [illegible]ome cases machinery was being transferred; in some cases, men; in others, both.

3. This course is being followed more with an eye to the future than the present.

* * *

Discussing Mr. Howe's reply, a Canadian who has had wide experience in contacting "new" industries both in England and on this continent, made this comment:

"Mr. Howe is quite right but I doubt if Canada will benefit very much unless we take steps to sell English manufacturers on the advantage of establishing themselves NOW in Canada."

This man quoted one British manufacturer who recently established a plant in Canada as saying that had he known about Canada's advantages he would have been here five years ago. It was when he came to Canada himself that he realized what he was missing.

How many "salesmen" has Canada had in Britain in recent years to give British manufacturers first-hand knowledge of what this country has to offer by way of industrial opportunity?

* * *

Air Training Changes

Retiring Deputy Minister James S. Duncan told a Toronto audience this week that the Air Training Plan had been enlarged by 25% over original plans; that 5,000 more men had been taken on at training depots; that twice the number of aircrews were under instruction, and more than double the number of pilots originally planned had already graduated from the schools. He stated that unless it was decided to increase the training plan as a whole, it would reach its full development in September.

* * *

Naval Gun Programme

Ottawa released some facts about Canada's naval gun programme this week.

The programme is based on orders and capital commitments by the British Admiralty in Canada. Capital expenditure is placed at $17.5 millions. This is the first time, we are told, that the Admiralty has ever made an outlay of this sort.

Gun barrels are to be produced at four plants—two in Quebec, the chief one at Sorel; the Dominion Bridge plant at Burnaby, B.C.; the C.P.R. shops at Calgary.

Nova Scotia is contributing gun mountings, forgings and naval shells. New Brunswick is doing naval gun overhaul, naval projectiles. Ontario, naval gun mountings (at three plants), fire control gear, torpedo equipment and nautical instruments.

* * *

The Government statement released this week on this gun programme was easily misinterpreted. The Toronto Globe and Mail in its headline went away out on a limb by saying: "Six Provinces Turning Out Naval Guns." The fact is, of course, that no plant in Canada is turning out complete guns or is likely to do so and that barrels only, not guns, are being made in four, not six provinces.

* * *

Foreign Assets in U. S.

Back of the very important Anglo-U. S. discussions regarding the freezing of belligerent and possibly all foreign assets in the U. S. is a conflict between the Federal Reserve Board and the Treasury.

Apparently someone in the Federal Reserve Board "spilled the story first, much to the embarrassment of the Treasury and the State Department.

Some such plan has been ready to "break" for several weeks, but it had been held in abeyance because of violent protest from the Secretary of State Department as to the possible adverse effect on countries with which U. S. is anxious to maintain happy relations, especially in South America.

Washington seemed confident last week that Canada would not be adversely affected by the proposal. Administration officials lean to the view that Canada's exchange asset position is now adequately protected by our own operations of the Foreign Exchange Control Board.

U. S. is Determined To Push Seaway

If Canadian Objections Overcome Agreement Will Go Before Congress — Cost $500 Millions, Canada's Share $100 to $125 Millions

From Our Own Correspondent

WASHINGTON.—President Roosevelt has in no degree weakened in his resolve to negotiate a St. Lawrence agreement at the earliest possible moment.

The delay in appearance of the agreement can be laid, The Financial Post is informed, at the door of the Canadian Government.

Toward the end of last year the President earmarked a St. Lawrence agreement as definitely "must" legislation. He put a rush sticker on the plan and set a tentative date of early January for the signing of the agreement. The fact that the agreement is not yet signed is due to delay at Ottawa, not at Washington.

Canada is apparently balking at a costly seaway power commitment in wartime. The programme would cost the Dominion between $40 and $50 millions even after $65 millions had been contributed by Ontario Hydro as its share of the joint plan. This is because Mr. Roosevelt wants to go ahead at once with a 27-foot navigation channel as well as with the power development.

Canada is said to find it hard to reconcile such a commitment with its desire to economize and its appeal for economy on the part of other spending bodies.

Latest reports reaching here say, however, that Canada will accept the Roosevelt plan and sign the agreement but that the commitment is being made with the greatest reluctance.

Assuming Ottawa's objections can be overcome, the agreement will be introduced in the form of a concurrent resolution before the U. S. Senate and the U. S. House of Representatives. The alternate proposal to submit a treaty has, apparently, been discarded.

From a constiutional point of view, an agreement is said to rank on an absolute parity with a formal treaty. An agreement, of course, does not require the two-thirds Senate majority. It is this requirement which has proved the stumbling-block to all previous St. Lawrence Seaway proposals.

Many high matters of policy have been negotiated by the United States, by agreement rather than treaty. Texas, for example, became a state of the Union in this way. The Philippines gained their independence by "agreement." Even the Reciprocity Pact of 1911, which failed to materialize, was in the form of an agreement, not a treaty.

$500 Millions Project

If the St. Lawrence programme is agreed to in its present form, it will embrace a full-fledged power and seaway plan costing something in the neighborhood of $500 millions.

Of this total, about $300 millions will cover development in the international section. The remaining $200 millions includes about $80 millions as Canada's share in deepening to 27 ft. the channel between Cornwall and Montreal. The remainder is a commitment by the United States to deepen channels in the upper lakes.

Build Vessels of War

The argument for navigation is that the Great Lakes Basin may soon be urgently needed for construction of war vessels. Anything up to 10,000-ton cruisers could be constructed and floated out on a 27-foot seaway, it is claimed.

To do this, however, would involve Canada in a cash commitment of between $100 millions and $125 millions. Eventually, against this, there would be a credit of about $65 millions from Ontario Hydro for its share of works chargeable to power.

Details of the main development in the international section have

(Continued on page 2, col. 4)

Beauharnois Co. Earnings Higher

From Our Own Correspondent

MONTREAL. — Earnings of Beauharnois Light, Heat & Power Co. in 1940 will be well ahead of those of 1939, when net revenue of $3.3 millions was reported. The financial statement is expected to follow the usual policy of charging income, after fixed charges to depreciation reserve.

Low Prices at Root Of Farm Discontent

By GORDON L. SMITH
Staff Writer, The Financial Post

Following headline-raising protest meetings, throughout the Dominion, organized Canadian farmers have taken their grievances direct to Ottawa. A delegation from last week's Toronto conference of the Canadian Federation of Agriculture, which claims to represent over 350,000 farmers, has laid before the Dominion Parliament a formidable list of complaints and demands for redress.

In brief the delegation asks for an actual share in framing any future food deals with Great Britain such as the current bacon and cheese agreement, a national marketing act, and a guaranteed minimum domestic price for major lines of agricultural produce.

Year of Discontent

Bringing the new farm revolt to a head were the fixing of a maximum butter price, the adoption of compulsory grading of hog carcasses and the threat of acreage restriction on wheat. All these specific situations developed in the last few months, but serious agricultural discontent has been brewing for almost a year.

At the bottom of it all is the present relatively low price of agricultural products, with scant hope of improvement and a growing shortage of farm labor as war industries draw more and more men from the rural concession lines. Farmers have seen urban industry working at top speed and with wages rising to the 1926-29 level, but so far, except for rising costs, agriculture has not participated in the new developments.

Even before the present war, farm prices were generally low. Wheat, a fairly representative barometer of Canadian farm prosperity, hovered around the 60-cent mark. This was less than a quarter of the first Great War high.

War Boom Short-lived

When war broke out a year ago last September, many Canadian farmers, probably the bulk of them, believed that their marketing troubles were over. They remembered the $2 to $3 wheat of the last war, the 60-cent butter, the $20 hogs. They remembered too, the incessant cry for more and more production, the bumper wheat crop in 1915 which was sold without even a dent in a soaring bull market.

For a few months after the fateful September of 1939, their hopes of higher prices were realized. Then in the spring came Hitler's quick conquest of France, Denmark, Norway, Holland, and Belgium and the active participation of Italy in the war against us. All of these countries previously had been substantial importers of Canadian farm products and with the partial exception of Belgium, all were even bigger purchasers throughout the whole of the first Great War. Their loss meant a severe restriction of Canada's farm export, and almost complete exclusion of Canadian goods from continental Europe as Hitler extended his influence over the remaining so-called neutrals.

The net results have been low prices for many major farm prod-

(Continued on page 13, col. 2)

Pacific Air Line For C.P.R. Doubted

From Our Own Correspondent

OTTAWA.—The report that the Canadian Pacific railway proposes to establish a trans-Pacific air line cannot be confirmed at Ottawa. The basis for the report, it is said, is the announcement that the company bought out the Yukon Southern Air Transport, operating from Vancouver to Alaska.

No application along these lines has come to Ottawa and it is pointed out that the Canadian Government would have to approve of any negotiations with foreign countries for such a service. The report is not believed.

Make Sure You See—

Britain and U. S. Solid for Victory
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McEachern on Trinidad
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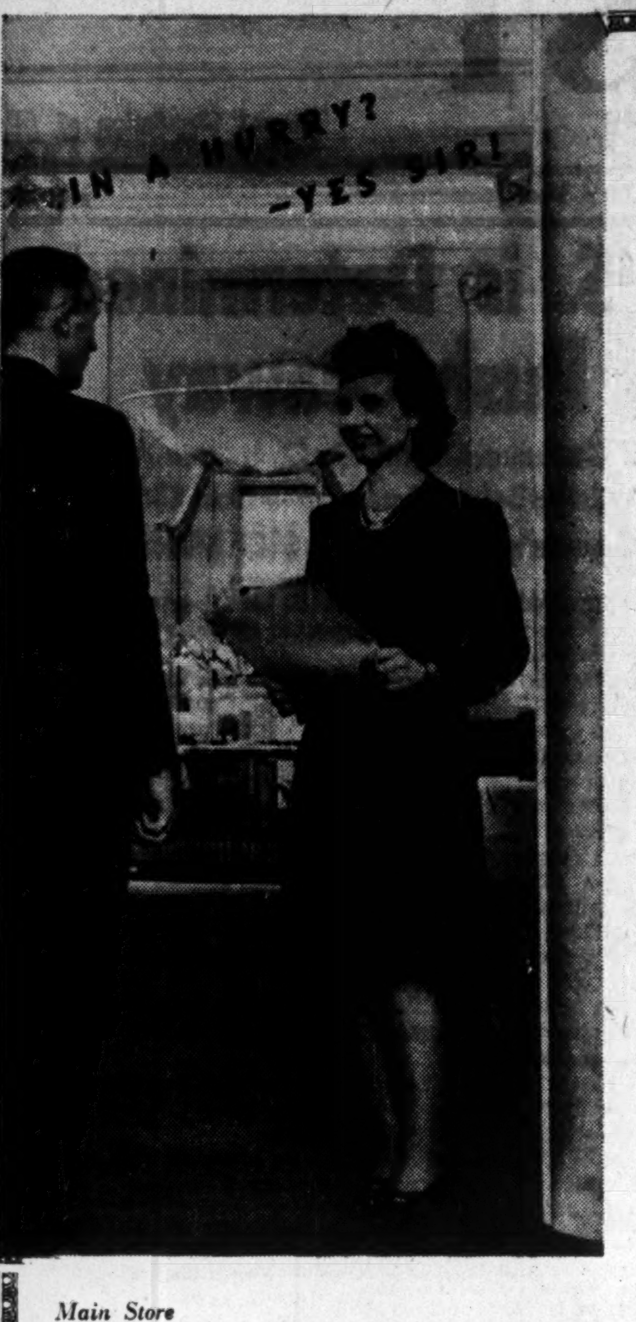

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The Nation's Business

(Continued from page 1)

that the first result of Mr. Howe's return to Canada should be a clash between him and the Chairman of the Wartime Requirements Board. Back of this clash is something more fundamental: a conflict between the driving force of one man seeking, by businesslike methods, to get necessary jobs done, and the entrenched political and bureaucratic system that moves by precedents, formulae and orders-in-council.

The Wartime Requirements Board is a body without authority. It is headed by two men of action, two men skilled in production. Yet they have power only to advise. If they advise their advice may be rejected; if they act they can be told they have no authority. And so jobs don't get done.

Never was it so apparent that the vital need at Ottawa is for a centralized direction of war supply in the hands of one non-political administrator; one competent business executive capable of getting results.

Mr. Howe can create for himself a reputation as the greatest minister of supply in the war history of the Commonwealth if he will but recognize this simple fact and appoint a one-man boss to get results in war supply.

• • •

British Plants For Canada

The Financial Post has long urged the rebuilding in Canada of all war factories bombed out in Britain. Machinery and skilled workers would be brought out, along with key executive personnel. In this way Empire war production would be more concentrated in a comparatively safe area. The long term consequence would be that shifting of the "centre of gravity" of Empire industry which is the best promise for the future.

The word that Hon. Clarence D. Howe, Minister of Munitions, brings from England is that more and more British plants will now be rebuilt here.

Mr. Howe has all along shown a lively interest in the transfer of British industry to Canada and he made earnest representations to British authorities during his recent visit.

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A124

Importance of Advertising Declared Vital In Wartime

Advertising has a vital contribution to make to the Canadian war effort, B. W. Keightley, advertising manager of Canadian Industries Ltd., told the Advertising and Sales Club of Montreal.

"We believe it is a vital force in our present economy, in selling goods, providing jobs, building up prosperous industry . . . We believe it will be needed after the war to carry us through the reconstruction period," he said.

He explained that the Dominion Government is now one of Canada's largest national advertisers because of the need of speed in making contributions to the war available. Speed he described as the essence of victory. Accordingly public opinion had to be formed quickly. Advertising was the means by which this could best be done in a democratic country, because the Government had to interpret the national needs and tell the people what their part must be in helping to meet those needs.

Sustained Advertising

Wise business, he stated, will not curtail its normal advertising expenditures during wartime because the need to sell its product is temporarily lessened. Doing so, he declared, would be like cutting the information line between itself and those customers to whom it must sell again some day in a competitive market.

The point at which production for civilian needs comes into unpatriotic competition with the Government for labor, materials, etc., must be decided by the Government itself, which will then determine what industries and goods will have priority.

Must Advertise to Sell

He stressed the need of industry being in good running order if it is to be able to turn over to war production quickly. To be in good running order it must sell, and to sell it must advertise. The automotive industry, he said, was an example of an industry which had been able to turn to war production quickly because it was prosperous, well staffed and equipped. This condition was largely the result of advertising.

A further reason he gave for advertising was the need of supporting newspapers and magazines and similar media which, he said, were indispensable to the war effort.

Maclaren Seeks To Issue Bonds

From Our Own Correspondent

MONTREAL—Maclaren-Quebec Power Co. has applied to the Public Service Board of Quebec for authorization to issue $2 millions of 4% first mortgage bonds to be used as collateral for a loan for a similar amount from the Bank of Nova Scotia.

The $2 millions of series A first mortgage bonds would be the residue of an authorized amount of $20 millions. At Nov. 30, 1939, there was $17.9 millions of this issue outstanding.

Cosmos Imperial Earnings Higher

Hamilton and Yarmouth Plants at Capacity — Extra Dividend Paid

Sales and earnings of Cosmos Imperial Mills Ltd. were well maintained in the fourth quarter of 1940, according to company officials. The company's plants at Hamilton, Ont., and Yarmouth, NS., are both running at capacity on two shifts daily.

The Yarmouth plant was modernized in 1940, but few capital expenditures are anticipated for 1941. While plant space is available for some additional equipment, it is felt that the loss of time entailed by expansion would nullify the gain in capacity under current conditions. About 50% of the company's output consists of military and naval supplies.

Final figures for 1940, showing a marked improvement over 1939, are scheduled to appear in about three weeks The recent declaration of a 15-cent extra dividend on the common stock, payable Feb. 15, 1941, along with the regular 30-cent quarterly disbursement, brings the total of the latest four quarterly payments to $1.35 per share, compared with $1.10 for the preceding four payments. Earnings per common share amounted to $1.92 in 1939.

C.P.R. Earnings Show Big Gain

1940 Net of $35.6 Millions Up $7.1 Millions Over 1939

From Our Own Correspondent

MONTREAL. — Canadian Pacific Railway Co. reports an increase in net earnings in December of $424,237 over the same month last year. Total for the month was $4.8 millions, against $4.4 millions in December, 1939.

Gross earnings rose to $16.3 millions in December, an increase of $2.6 millions, but operating expenses were up $2.2 millions.

In the full year to Dec. 31, net earnings totalled $35.6 millions, an increase of $7.1 millions over 1939. Gross earnings were up $19.7 millions to $171 millions, while operating expenses for the year rose $12.6 millions to $135.3 millions.

Operating Statement

December:	1940 $	1939 $
Gross earnings	16,335,666	13,731,168
Operating expenses	11,529,460	9,349,200
Net earnings	4,806,206	4,381,968
12 months to Dec. 31:		
Gross earnings	170,964,897	151,280,699
Operating expenses	135,325,458	122,756,880
Net earnings	35,639,438	28,523,819

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Dominion—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Montreal Metropolitan Commission	Jan...	Bank of Montreal, Banque Can. Nationale and L. G. Beaubien & Co.	4½%	5-yr.	$1,200,000	.....	.....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
United Steel Corporation	Jan...	Gardiner Wardrop McBride	5%	1956	$900,000	100	5%

DIVIDEND NOTICES

Coniaurum Mines Limited

25 King Street West, Toronto

DIVIDEND NO. 14

NOTICE IS HEREBY GIVEN that a dividend of 4 cents per share has been declared by the Directors of Coniaurum Mines Limited, payable in Canadian funds, on March 20th, 1941, to shareholders of record, March 8th, 1941.

Payment of this dividend is, under present conditions, subject to obtaining the approval of the Foreign Exchange Control Board.

By Order of the Board.

H. WHITTINGHAM,
Secretary-Treasurer.

January 28th, 1941.

Canadian Car & Foundry Company, Limited

Dividend Notice — Preference Stock

Notice is hereby given that a dividend of forty-four cents (44c) per share on the paid up Preference Stock of the Company for the quarter ending March 31st, 1941, has been declared, payable on the 10th day of April, 1941, to Shareholders of record on the 21st day of March, 1941.

By order of the Board.

A. C. BOURNE,
Secretary.

Montreal, January 28th, 1941.

Toronto Harbor Rumor Denied

Rumors that Toronto may press for extensive harbor improvements if the St. Lawrence seaway project is launched, lack any confirmation in Toronto civic circles. The reports are regarded as propaganda inspired by interests opposed to the seaway.

According to one report, emanating from Montreal, the Mayor of Toronto may soon call a meeting to appraise Toronto's position in regard to the seaway. The particular purpose would be to propose a $50 millions programme of harbor improvements by the Dominion Government should the navigation phases of the seaway be undertaken, to enable Toronto to handle the larger ships that would be routed through the Great Lakes.

This is flatly denied by Mayor F. J. Conboy of Toronto, who says he has heard nothing of such a proposal and has no intention of calling a meeting of this nature.

From official sources, The Post is informed that any such improvement to Toronto's harbor is not contemplated because it would not be necessary. Plans for the navigation phase of the seaway call for a ship channel of 27 to 30 feet depth, probably the lower figure. The main channel entering Toronto's harbor is already 27 feet, and the inner ship channel down the bay is 30 feet, enabling Toronto to handle all boats that can pass through the 27-foot channel of the Welland Canal.

Even if the seaway channel were completed to 30 feet, it is said, it would be relatively simple and inexpensive to deepen the main entrance channel to this depth, and it is doubtful whether this would be necessary. A draft of 25 feet covers 85% of world shipping, it is estimated.

Newfoundland Codfish Exports Doubled

Newfoundland exports of salt cod in December totalled 256,712 qtls., compared with 115,621 in the same month last year. Exports were comprised of 118,040 qtls. of bank and shore fish and 138,672 qtls. of Labrador. Export of saltbulk in December totalled 4,332 cwt., against 40,286 cwt. in Dec., 1939.

In six months of the current fiscal year (July-December) exports of shore and bank fish amounted to 670,385 qtls., compared with 495,690 qtls. in the same period last year. Saltbulk shipments declined to 55,844 cwt. from 61,312 cwt.

Alta. Barter Plan May Freeze Debts

(Continued from page 1)

not be redeemed in cash but only in the form of trade claims or other barter system transactions.

Under the new form of contract, depositors may put in cash or transfer vouchers, but could withdraw in cash only from that portion represented by his cash deposits.

As under the present credit house-barter system, retail merchants would agree to deliver goods for transfer vouchers from consumers, who are entitled to a bonus of 5% if half or more of their purchases are Alberta trademarked goods. To pay his wholesaler for goods other than Alberta trademarked, the retailer can draw on his cash account or use "goods replacement cash orders" drawn on his "trade claim account," or a combination of both.

Workings of Plan

The Alberta goods bought from the wholesaler would be paid for with trade claim vouchers, drawn against a deposit by the retailer of treasury vouchers from the consumer. These treasury vouchers—in effect a form of currency circulating within the confines of the credit house-barter plan—would be issued to the consumer against deposits created by advances, on produce turned into the marketing scheme.

Wholesalers would pay manufacturers or other supply sources in a similar manner to the transaction with the retailer. The manufacturer in turn would pay for Alberta raw materials with trade vouchers, and for outside and other dealings requiring a cash basis would use goods replacement cash orders.

Conserve Cash

The present system requires that the Government maintain cash deposits at Edmonton to cover the total deposits of the Treasury Branches. Under the new plan, it would appear likely that the Government will be relieved of this requirement. It is expected that about 80% of Treasury Branch deposits—cash, treasury vouchers, and transfer vouchers—will be transferred to the trade claim account, which under the new contract can never be converted into cash.

The Provincial Treasurer would thus have to keep on hand in cash, the equivalent of only 20% of credit house deposits, to meet the full potential cash demand. With the cash requirements of the bulk of the deposits abated, the Government's cash position for other purposes would be strengthened. Many accounts now payable in cash could be met by creating a credit at a Treasury Branch in cash which would be promptly transferred to trade claim account, or road work labor could be paid by trade claim vouchers.

U.S. is Determined To Push Seaway

(Continued from page 1)

been confirmed along the lines of information previously published in The Financial Post. Many loose ends, as to engineering details, cost estimates, etc., were cleaned up at a meeting of the international joint engineering board here last week.

Distribution of costs as between the two countries puts the major obligation on the United States because of Canada's prior commitment at Welland and for work already done in the channels of Montreal. The United States undertakes to deliver a completed job in the International section, apart from generating stations, substructures, etc., which would be the direct responsibility of the Ontario Hydro Commission, if, as and when it wishes to develop the power.

New Issue

$1,500,000

Silverwood Dairies, Limited

(Incorporated under the Ontario Companies Act)

4½% First (Closed) Mortgage Bonds

To be dated January 2, 1941 — Maturing as undernoted

$100,000 to mature January 2, 1942 — $100,000 to mature January 2, 1945
100,000 to mature January 2, 1943 — 100,000 to mature January 2, 1946
100,000 to mature January 2, 1944 — 100,000 to mature January 2, 1947

$900,000 to mature January 2, 1956

Principal and half-yearly interest (2nd January and 2nd July) payable in lawful money of Canada at the principal office of the Company's bankers in Toronto, Hamilton, London, Montreal, St. John, Halifax, Winnipeg and Vancouver. This issue is redeemable in whole or in part at the Company's option at any time prior to maturity, on sixty days' notice, at 103 and accrued interest up to and including January 2, 1947; and thereafter at 102 and accrued interest up to and including January 2, 1950; and thereafter at 101 and accrued interest up to and including January 2, 1954; and thereafter at par and accrued interest until the final maturity.

A Sinking Fund sufficient to redeem all of the bonds maturing January 2, 1956, will be established by annual payments to the trustee, the first payment to be on January 2, 1948. Coupon Bonds of $1,000 and $500, registerable as to principal only.

Trustee: The London & Western Trusts Company Limited

In the opinion of Counsel these bonds will be a legal investment for funds of Insurance Companies registered under the Canadian and British Insurance Companies Act, 1932 (Dominion).

CAPITALIZATION
(upon completion of present financing)

	Authorized	To be Presently Outstanding
4½% First (Closed) Mortgage Bonds	$1,500,000	$1,500,000
6% Registered Sinking Fund Debentures, Due April 1, 1966	$1,450,000	$1,450,000
Preferred Shares, Cumulative and Participating, no par value	145,000 shs.	145,000 shs.
Redeemable at $15 per share or at $13 per share in liquidation. Cumulative dividends of 40 cents per share per annum.		
Common Shares, no par value	1,000,000 shs.	176,598 shs.*

* In addition, 23,402 Common Shares are under option to the Management Trust.

EARNINGS

Messrs. Clarkson, Gordon, Dilworth & Nash, Chartered Accountants, Toronto, report that in their opinion the company's earnings for the fiscal years ended in 1937, 1938, 1939 and 1940 and for the seven months ended 31st October, 1940, before interest on the bonds or debentures of the company, were not less than as follows:

Fiscal year ended	Gross Earnings	Depreciation	Provision for Dominion & Provincial income & excess profits taxes at present rates (2)	Balance before charging bond and debenture interest
3rd April, 1937 (53 weeks)	$490,354.14	$250,952.00	$ 30,900.00	$208,502.14
2nd April, 1938 (52 weeks) (1)	517,036.86	269,371.53	36,300.00	(1) 211,365.33
31st March, 1939 (52 weeks) (1)	458,905.23	262,682.45	17,400.00	(1) 178,822.78
31st March, 1940 (1)	566,562.35	247,009.35	84,300.00	(1) 235,253.00
31st October, 1940 (7 months) (3)	538,358.12	245,247.35	140,800.00	(3) 152,310.77 (7 months)

(1) The above earnings are before deducting provisions of $29,000, $32,500 and $30,750 made in the fiscal years 1938, 1939 and 1940 respectively for payments made under guarantees given by the subsidiary company in connection with the performance of certain contracts for the purchase of the company's common shares during the years 1937-1946.

(2) Provision is made above for excess profits tax at present rates as though such tax had been applicable in the fiscal years 1937, 1938 and 1939 and for the whole of the 1940 fiscal year. The standard profits used in computing the excess profits tax provisions for 1940 have been used in computing the excess profits tax provisions for the 1937, 1938 and 1939 fiscal years.

(3) All depreciation (except $3,700 on rented properties) to be provided in the fiscal year ending 31st March, 1941, has been charged against the earnings of the seven months ended 31st October, 1940. This is in accordance with the company's usual accounting practice as the greater portion of its yearly gross earnings is ordinarily obtained during the summer months.

	7 months	12 months
Maximum bond interest requirements on the $1,500,000 4½% first (closed) mortgage bonds (present issue)	$39,375	$ 67,500
Interest on $1,450,000 6% debentures	50,750	87,000
Total maximum interest requirements	$90,125	$154,500

ASSETS

Equivalent to over $2,575 for each $1,000 First (Closed) Mortgage bond to be issued, of which $625 are net current assets.

PURPOSE OF ISSUE

The proceeds of this issue will be used to redeem on March 25 the outstanding balance of 5% First (Closed) and Refunding Mortgage bonds ($1,110,000 less $84,900 purchased and held by the company at 31st October, 1940), to reimburse the company for capital expenditures incurred in 1940, for contemplated capital expenditures and for general corporate purposes. Of the $1,110,000 bonds presently issued,

$960,000 comprise Series A, due serially 2nd January, 1941 to 2nd January, 1951, of which $60,000 matured at par on 2nd January, 1941 and $900,000 will be called for redemption on 25th March, 1941, at 103 and accrued interest;

$150,000 comprise Series B, due 2nd January, 1952, and will be called for redemption on the same date as the Series A bonds at 101 and accrued interest.

The serial bonds having been sold, we offer the bonds of this issue maturing January 2, 1956, if, as and when issued and received by us, subject to the approval of all legal matters on our behalf by Messrs. McMaster, Montgomery, Fleury & Company, Toronto, and by Messrs. Ivey and Logan, London, Ontario, on behalf of the Company, who will give their opinion as to the Company's titles to the specifically mortgaged premises.

PRICE: 101 and accrued interest, yielding over 4.40%.

It is expected that bonds in the form of Trustee's Interim Certificates or Receipts will be available for delivery on or about February 15, 1941. The right is reserved to reject any or all applications and also in any case to award a smaller amount than applied for.

HARRISON & COMPANY
LIMITED
66 KING ST. WEST - TORONTO, CANADA
TELEPHONE: WAVERLEY 1891

The statements contained herein are based upon information we believe to be reliable, but are not to be construed as representations by us.

London Calling

By Atticus

British Titles Prove Baffling to Americans But Clerks Continue to Earn Them—Cordial Reception For President Roosevelt's Personal Observer

HARRY HOPKINS

LONDON.—In those distant days before the present war it used to be the pleasant duty of M.P.'s to entertain distinguished American guests to the Houses of Parliament. Sometimes we used to show them the painting of Mr. Speaker Lenthal defying Charles I, to conduct them through Westminster Hall where Charles I defied his judges, to offer them tea on the terrace, to give them a breather in the House of Lords, and then wangle tickets for the House of Commons where they could hear the elected representatives of the people give tongue.

On one such occasion when I was the host of two charming American businessmen I took them into the House just as the Duchess of Atholl was being heckled by Lord Winterton. When these two finished bickering the Marquess of Titchfield put a supplementary question.

"Who are these people," asked my friends, "are they Socialists?" I explained that one was a duchess, the other an earl, and the third a marquess. "But," said my guests, "we thought this was the House of Commons." As quietly as possible I explained that while a duke was a peer his wife was not a peeress in her own right, that an Irish earl ranks politically with an English commoner, and that a marquess. . . But I saw I had lost my audience.

The memory of that scene came back to me last week when following the bestowing of a peerage on Viscount Cranborne I read that his uncle, Lord Hugh Cecil, had also been made a peer. On the whole I am rather glad that my American friends have returned to that great republic which is determined to do so much for us short of war.

* * *

From Clerk to Peer

One could browse pleasantly for an hour among the many personalities whom the King delighted to honor in the New Year's List. Sir Robert Kindersley is a man who by physique and temperament was made to climb steep hills. The son of an army officer, Sir Robert left school before he was 16 and began his journey upward by travelling each day on the train to work as a clerk with the Millwall Dock Company. Later he joined the Thames Ironworks, the last Thames-side builders of big warships. After rising to importance there he moved on to the richer opportunities of the city. In the last war, as this one, his work was to make the people invest in victory.

Professor Keynes, certainly one of the most knowledgeable of men, declared that voluntary savings would never give us enough and urged compulsory deduction of wages at source. By this means and no other, said the professor, we should raise the necessary figure which he named. Sir Robert Kindersley took off his jacket, wrote endless letters, travelled up and down the country, telephoned incessantly, organized thousands of National Savings Committees and, at the end of the first year, his voluntary response had exceeded Professor Keynes's compulsory figure. The actual sum raised was approximately £475,000,000, although no one could invest more than £375 in war savings certificates or £1,000 in defense bonds. This, I believe, is what Wall Street calls "an all time high."

Now the ex-clerk, ex-shipbuilder, the international banker and the Beggar for Victory moves on to the House of Lords. In short, it is yet another success story of this queer, beloved island of ours that worships tradition but flings wide the gates to character and ability.

Sir Robert Kindersley is 6 ft. 3 in. Sir Edmund Ironside, who also goes to the Lords, is 6 ft. 6 in.

I do not know what the moral of this may be, unless to disprove the theory so beloved of the Lilliputians, that men of destiny are never taller than 5 ft. 10 in.

* * *

British Champion Retires

The war has supplied an unusual series of human enigmas. Leopold, Laval, and Petain are three which come, inevitably to the mind, yet nothing has puzzled the British people more than the mystery surrounding the resignation of Mr. William Allen White from the chairmanship of the "Committee to Defend America by Aiding the Allies." Mr. White is a newspaper owner but in no sense a magnate. His evening journal, the "Emporia Gazette," has a circulation of 6,000 in a small Kansas town. But Mr. White has his own horizons, and when war began he journeyed across America again and again organizing public opinion to save America by helping Britain—a subtle yet honest policy. So powerful did his committee become that President Roosevelt sent him a telegram, "Well done, Bill," which is the American equivalent of bestowing a peerage. Mr. White became known as America's British champion.

Then this Kansas newspaper proprietor gave an interview to newspaper reporters. The next morning America read to its astonishment that Mr. White had said that his only object in forming the committee was to keep America out of the war, that he was against repealing the Johnson Act, which forbids loans to debtor nations, and that he disapproved of American ships entering the war zone. There was an immediate outcry, headed by Mayor La Guardia, whereupon Mr. White, who is 72, resigned, saying that he would leave the task to a younger man.

Just why this chubby, earnest little champion should have thrown in the sponge at this stage of the fight is utterly incomprehensible. To me it is a greater mystery than the identity of the Man in the Iron Mask.

But as a London journalist I salute my colleague of the "Emporia Gazette," and say: "Thanks, good friend, for having walked by our side as long as you did."

* * *

Mr. Harry Hopkins

If temporarily we have lost Mr. White we have gained Mr. Harry Hopkins, who is now in London. Mr. Hopkins has come in the best American diplomatic tradition, inasmuch as he has no official standing, but is the personal representative of the President. It is easy to prophesy that he will achieve a personal success in London, for he is a man of much charm and intellectual attainment with a strong forthright character. After the death of his wife Mr. Hopkins moved into the White House, where he lived as the President's closest friend and confidant.

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The Post Bag . . . . . .

Burnt Out

First issue of The Economist, London, for the new year appeared in a new type dress. Just as we were beginning to marvel that the Economist should be taking the trouble in wartime to revise its typographical make-up we came upon the explanation.

The Economist saw the New Year in by the light of the flames of the printing plant where it was formerly produced. German bombers dropped incendiaries that burnt out the building, the composing machines, the printing presses, the type used for the Economist and most of the "standing" tabular matter.

Nevertheless, the Economist came out on time. It remarked that it hoped to keep unbroken until Sept., 1943 its record of never having missed a weekly issue. On that date it will be 100 years old.

* * *

Handy Series

World Peace Foundation, Boston, has started a new series of pamphlets (cloth 50 cents, paper 25 cents) under the title of "America Looks Ahead."

The first, by Fred Alexander, is on "Australia and the United States." Mr. Alexander is an Australian historian.

The author argues for closer Australian-American relations, not as an alternative to Australia's full participation in British Commonwealth affairs, but as a supplement to it.

The next volume in the series will be on Canada, written by F. R. Scott, of McGill.

* * *

Toast to Vichy

The Governor-General of Canada, at a dinner in Ottawa, toasted "The Chief of the French State." This is probably the only British country where such a toast could or would be proposed. Canada is the one country in the Empire which receives a diplomatic representative from the Vichy Government.

The situation is thoroughly anomalous but it should not be taken as evidence of cleavage between British and Canadian policy. Despite Canada's independence as a self-governing nation within the Commonwealth, it is not likely that Canada would maintain this contact without the understanding approval of Whitehall.

* * *

Not New

The New York Times reports that U.S. Government economists have discovered a close relation between the curves of industrial production and the length of women's skirts. The hemline drops during depression; rises in periods of prosperity.

Not a very remarkable discovery—at this date. The Financial Post reported the same phenomenon 15 years ago and it was always a favorite whimsy of the late Sir Joseph Flavelle.

* * *

Selling Car Tickets

Toronto Transportation Commission shows considerable initiative in its promotional work. Its advertising is designed not only to "sell" T.T.C. as an institution but also to sell street car tickets by encouraging greater use of its lines.

Moreover, anyone can call up T.T.C. and get information on how to travel by street car in some 20 other cities.

* * *

Lawbooks For Laymen

"The Law of Real Estate Mortgages in Ontario" is the title of a little dollar book by M. Shelly Millstone, Toronto barrister. It is one of a series by this author in which law is presented for the layman. Included are volumes on the law of landlord and tenant, of master and servant, of marriage and divorce, of naturalization, of banks and banking.

Publishers are Blackstone Publishing Company, 455 Spadina Ave.

We asked a lawyer friend what he thought of the idea of the layman getting his law out of a handbook instead of buying it at regular fees from lawyers. His comment was a little cynical: "Fine idea; in the long run it just means more business for the lawyers."

Nevertheless the series looks to us like a valuable one.

War Savings

Forces Throughout Dominion Organize for February Drive

In every corner of Canada, the final two weeks of January have been marked by intense organizing for the February drive. Committees, subcommittees and sub-subcommittees have been formed from the press of volunteer workers. These have in turn filled out their ranks with members drawn and pulled from every sort of service club and every type of political and social organization. Insurance men and social workers are in particular demand for their experience in organizing and contact work.

In the meantime, the process by which Canadians will come to be as familiar with war savings certificates as they are with bread and butter goes steadily forward. Stamps and certificates are everywhere appearing as prizes in dances, raffles and essay contests. Students at the schools are regular contributors, Belleville Collegiate & Vocational School being among the leaders with $100 weekly.

* * *

Piece-meal Purchases

"Take Your Change in Savings Stamps," is a request which will soon be delivered from cash wickets across Canada. One of the first official agencies to make use of this idea is the British Columbia provincial income tax department. The department has made arrangements for paying income tax refunds in savings stamps or certificates. As the refunds come principally from those who have been paying their taxes on a weekly deduction plan, the saving is already effected before the refunds are made, and the purchase of additional stamps does not increase the current responsibilities of the saver.

* * *

Ten-week Plan

Four-year plans are ancient history, but Berkel Products Co., head office, Toronto, has a ten-week plan that has helped bring the company into the gold medal class in the war savings competition. Each employee, except the sales staff, who undertakes to purchase ten certificates on a weekly basis has to pay only $3.50 per certificate, the company contributing the balance. This is the second ten-week plan that the company has instituted, and in addition has used certificates as bonuses in sales competitions. One of the advantages of the Berkel plan is that it ensures a continuity of contributions for a period of nearly three months at a time.

* * *

Average $3.15 Weekly

Toronto employees of the Reliance Aircraft & Tool Co. are not only subscribing 100% to the war savings certificate payroll plan, but are averaging over $3.15 weekly per employee. Two thirds of the employees are purchasing one or more certificates per week, and all but one subscribe at least $1 a week. Mr. Cushman, manager of the Toronto plant, told The Financial Post that practically no salesmanship was required in putting the plan over. The employees realized the importance of the plan at once, both from their own and the country's points of view, and immediately translated sentiment into action.

CUT CONSTRUCTION COSTS!

FOR INDUSTRY

Speed the work of plant expansion with • J-M Built-Up Asbestos and Asphalt Roofs • J-M Roll Roofings • J-M Insulating Board • J-M Asphalt Tile Flooring • J-M Rock Wool Insulation • J-M Asbestos Wall Boards • J-M Acoustical Service and Materials for every requirement.

JM JOHNS-MANVILLE Building Materials

FOR THE HOME

Modern materials that protect against fire, weather and wear. J-M Cedargrain Asbestos Siding Shingles • J-M Asbestos and Asphalt Roofing Shingles • J-M Rock Wool Home Insulation • J-M Asbestos Flexboard and Wainscoting • J-M Decorative Insulating Board products.

CANADIAN JOHNS-MANVILLE CO., LIMITED
Mine and Factory - Asbestos, P.Q.
TORONTO MONTREAL
WINNIPEG VANCOUVER

Conference Collapse Rouses Provinces

From Our Own Correspondent

OTTAWA.—Reverberations of the collapse of the Dominion-provincial conference continue to be heard at Ottawa.

The expected general election in Ontario, with Premier Mitchell Hepburn campaigning against the Sirois report has not materialized. Mr. Hepburn has turned aside from the Sirois report issue and is capitalizing rural dissent from Federal agricultural policy—the butter price peg, etc.

Revolt in B. C.

But in British Columbia there has been a revolt against Premier Duff Pattullo which threatens to bring down his government and precipitate a general election on this issue, not by design but by involuntary crisis. Mr. Pattullo, it now emerges, behaved in a high-handed way. He appears not to have had the full support of his cabinet in refusing to discuss the report and, in consequence, he faces a disunited cabinet and party.

Whatever the outcome of this crisis may be, it is fairly evident that British Columbia, however represented, will have no part in wrecking a future conference.

Alberta Test Feb. 6

In Alberta there is a revolt against Premier Aberhart's performance which will find electoral expression in the by-election at Camrose on February 6, when the Aberhart candidate will face a single opponent in the person of the provincial C.C.F. leader. A defeat here might well have the effect of chilling even Mr. Aberhart's enthusiasm for monkey wrenches.

So great has the controversy in these western provinces become that the Dominion Government is reported to have reversed the earlier decision not to release the financial calculations showing how the different provinces would fare under the report at the present time. The commission's figures covered the period 1933-37 inclusive. The financial experts of the Government have brought these figures down to 1940 and would have produced them for purposes of discussion at the conference. When the conference blew up the figures were withheld but the dissenting provinces have been making such wild statements as to what Plan 1 would do to their budgets that the official estimates will probably be issued in a day of two.

Another Conference Coming

The feeling grows that another conference will be called this summer or fall. The Manitoba debt maturity in July will probably be the occasion for re-opening the discussion between the Dominion and the provincial governments. If two of the three dissenters, meantime, are convinced of the error of their way, it is not thought possible that Mr. Hepburn, single-handed, would try to wreck a second meeting.

The opposition to the report hitherto made manifest, while it has been spectacular, is not seriously discouraging to Ottawa. The real opposition—in Quebec—has not yet become a factor. The difference between the three dissenting premiers—Hepburn, Pattullo and Aberhart—and Quebec is regarded as the difference between a blazing pine and a burning peat bog. The pine burns fiercely but if you can abide the heat the flames will soon subside. The peat bog fire is another matter.

Quebec Situation

Moreover, the Quebec situation is complicated by the war. It may be accepted as true that Rt. Hon. Ernest Lapointe will not permit Quebec's co-operation in the war effort to be endangered by any domestic issue, such as the Sirois report. He will never agree to presenting to the Quebec nationalists and their anti-war allies an issue of provincial rights which might well destroy overnight all that has been achieved in terms of national unity since September, 1939.

Fortunately, Premier Godbout is equally concerned with preserving national unity and may be relied upon not to exploit the present situation. Mr. Godbout was all but overlooked amid the Hepburn, Aberhart and Pattullo hullabaloo. But he said, very clearly, that he would not accept a permanent agreement arrived at under war conditions.

For obvious reasons, the up-to-date figures will appear favorable to Quebec. The one important change in the situation since 1937 has been the decline in unemployment. Since under Plan 1 the Dominion assumes full responsibility for relief, the 1940 figures are bound to show that the Dominion benefits while the advantage to the provinces has decreased. Moreover, the direct taxes which the provinces must surrender to the Dominion are all yielding more heavily now than in 1937, because of the war boom. Thus the provinces must seem to sacrifice more and benefit less than the report contemplated.

Why Quebec Figures Favorable

While this must generally be true, Quebec's position under Plan 1 in 1940 will show less change than that of the other provinces. The reason is that unemployment has declined much less in Quebec than in the nation-at-large. Therefore, the revised figures may well lend color to the charges being made in Ontario that Quebec is being favored at the expense of the other provinces, particularly of Ontario.

Whether or not this will affect opinion in Quebec is uncertain. The fact is that the difference between 1937 and 1940 is largely due to the war. For provinces like Ontario and British Columbia to base any argument on 1940 returns would be equivalent to arguing in favor of perpetual war.

Farmer Revolt Said Political

Ottawa Also Declares Farm Leaders Agreed to Butter Policy

From Our Own Correspondent

OTTAWA. — Although centred largely in Ontario the revolt of the dairy farmers against the pegged price of butter is proceeding vigorously. Ottawa suspects that the power behind the Canadian Federation of Agriculture is more political than appears on the surface. The Hepburn Government is believed to be the mainspring of the trouble.

So far as the Canadian Federation of Agriculture is concerned, the cabinet is at a loss to understand the fury of the assault now being made upon the butter price. H. H. Hannam and his colleagues on the executive of the federation, were consulted prior to the fixing of the agreement and were believed to be in favor of it. Indeed the record at Ottawa is so clear on this point that public explanations from Mr. Hannam appear to be in order.

Were Consulted On Butter

Some of the facts were made public in a speech by F. A. McGregor, a member of the Wartime Prices and Trade Board (which fixed the price) at Toronto last week. The Board, said Mr. McGregor, consulted the Federation on November 22 when butter was selling at 30¼ cents. Mr. McGregor said that the Federation was definitely opposed to the restoration of oleomargarine to the Canadian market. A maximum price was regarded, in this connection, as distinctly the lesser of two evils.

The Federation, however, raised no objection to the importation of New Zealand butter which, at that time, was regarded as entirely feasible. New Zealand had a surplus of 67 million pounds and was just entering the heavy production season.

Imports from New Zealand, after paying all charges, could have been laid down at Toronto for 33 cents per lb., thereby fixing a ceiling on Canadian prices. New Zealand butter would have pegged the price in Canada at 33 cents—and according to Mr. McGregor, who was present at this conference, the Federation raised no objection.

Imports Failed

But imports failed because Britain owns all New Zealand's butter and could not spare any of it for Canada. The effect of this is clearly shown by price trends. The price hovered at the import control point until word came that no relief by imports was possible. Then the price leaped upward and was pegged at 35 cents.

In fact, as Ottawa sees it, the peg was inserted 2c. per lb. higher than the import price against which the Federation raised no objection. But the moment a condition of absolute monopoly was disclosed the Federation and Mr. Hannam, as Ottawa sees it, forgot all about what seemed reasonable on November 22 and assailed the Government for fixing the price. Had Mr. Hannam resisted imports from New Zealand, his behavior, Ottawa concedes, would have been consistent. The agitation, however, occurred only after it was evident that the dairy industry had the consumers by the throat.

Crown Trust Company

STATEMENT OF ASSETS AND LIABILITIES as at 31st December, 1940

ASSETS

CAPITAL ACCOUNT:		
First Mortgage Loans		$ 397,376.10
Call and Time Loans		79,600.00
Dominion and Provincial Bonds		233,555.00
Other Securities		102,073.74
Property held for Sale		93,215.21
Interest due and accrued		7,533.92
Sundry Accounts Receivable and Charges paid in advance		13,357.92
Cash in Office and Banks		143,472.13
Office Premises and Adjoining Property		400,929.59
		$ 1,471,113.61
GUARANTEED ACCOUNT:		
First Mortgage Loans	$293,625.00	
Interest due and accrued	8,401.45	
Loans on bonds and stocks	553,589.44	
Dominion and Provincial Bonds	665,375.00	
Cash in Banks	146,289.21	
		1,667,280.10
ESTATES, TRUSTS AND AGENCY ACCOUNT:		
Funds and Investments		37,204,525.00
		$40,342,918.71

LIABILITIES

CAPITAL ACCOUNT:	
Capital Stock fully paid	$ 1,000,000.00
Reserve Fund	400,000.00
Profit and Loss Account	48,804.00
Sundry Accounts Payable	3,789.36
Provision for Income and Excess Profits Taxes	18,520.25
	$ 1,471,113.61
GUARANTEED ACCOUNT:	
Funds for Investment	1,667,280.10
ESTATES, TRUSTS AND AGENCY ACCOUNT:	
Estates, Trusts and Agencies under Administration	37,204,525.00
	$40,342,918.71

BOARD OF DIRECTORS

R. W. Steele, President

Irving P. Rexford, Vice-President and Managing Director

W. R. Salter, K.C., Vice-President

R. C. Berkinshaw	H. Jasper Humphrey	James G. Ross
Gerald W. Birks	Arthur Lyman	John W. Ross
Arthur H. Campbell	J. A. Mann, K.C.	Arnold Wainwright, K.C.
W. A. Eden	W. P. O'Brien	Percy R. Walters
F. Wilson Fairman	John I. Rankin	Arthur B. Wood

Printed copies of the Company's Annual Report for 1940 are available to anyone interested.

Forestry Consultant Reports Record

From Our Own Correspondent

MONTREAL.—James W. Sewall, consulting forester, Old Town, Maine, and Port Arthur, Ont., has issued a report of timber cruised or valued in 30 years of the organization's operation. At the commencement of the current year the company had cruised and valued more than 30 million acres. According to Mr. Sewall this is a record high for any private consulting concern still in existence.

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...TORPEDO STYLED with concealed running boards

...and Packed with other great features

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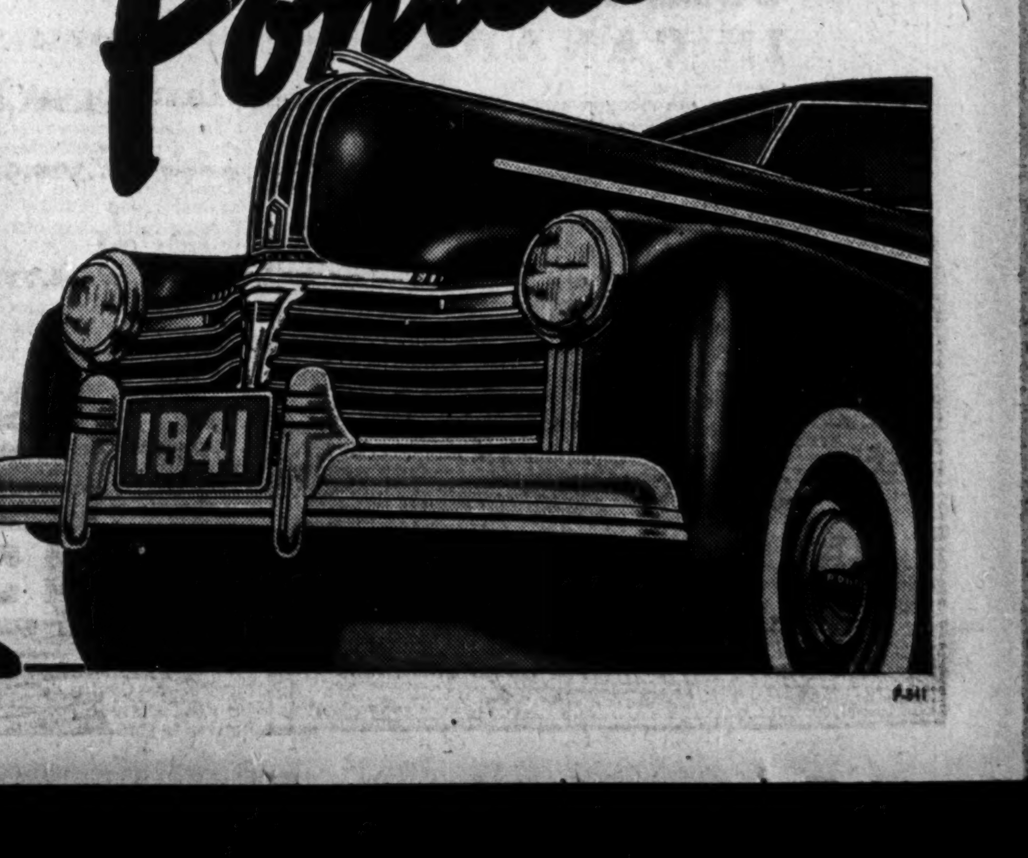
Pontiac



Investment Trends

Annual Reports Show Need of Improvement

Perplexed Shareholders Anxious For Guidance This Year From Directors — Surveys Show What is Wanted to Meet Needs

This is the time of year when the great majority of companies send shareholders their annual reports. In many cases this is the only direct contact between shareholder and company for the year. For a slowly growing number of companies some interim message has been sent regularly.

This year the burden on those responsible for preparing the annual report, with its message for shareholders, is greater than normal. The disturbing factors faced by the investor are heavy. He fears particularly what taxation and war-inspired changes in the national economy may mean to his company.

If this condition means a more serious responsibility on management and directors, it also offers a greater-than-average opportunity. They know that what they say about their company will be read with more than usual attention and that it is awaited with more than normal anxiety. The relatively small number of Canadian corporations which have reported so far this year have given little or no evidence of grasping this opportunity and responsibility.

* * *

What is Wanted

Shareholders — both present and prospective—do not want the directors of their company to minimize or conceal the probable effect of existing taxation scales on their company. If it threatens the existing rate of dividends they want to know it and not have a decrease come like a bombshell, destroying their confidence in their investment. They want frankness from their directors, who have opportunities to judge conditions denied to all but a privileged few shareholders.

Shareholders appreciate a statement of income which makes it easy for them to know exactly how much profit was actually available for their dividends. They appreciate a clear and complete statement of income and expenditure. The unfortunate custom of many companies in combining the year's income statement with the surplus account is confusing because few shareholders know enough about the items mentioned to tell whether or not they rank ahead of their share of profits. Taxation and depreciation, even though the latter may be termed write-offs of office premises, real estate or something else, should be clearly deducted before the balance available for shareholders can be calculated.

* * *

Good Suggestions

Ralph Gates, a researcher into public relations problems in the United States, recently told the American Management Association that stockholders want annual reports to contain financial statements, probable effect of war on business, tax data, plans for research, developments and new investments. An overwhelming majority of shareholders want the annual report to tell a readable and complete story on company progress. If management tells a good story of the job it is doing, it will cut down stockholder complaints about high salaries, Mr. Gates finds.

The Metropolitan Life Insurance Co. is another organization which has just issued a survey of annual report and stockholder opinion. They find that shareholders want something "which looks like an enjoyable half hour's reading — and is." Clearly defined terms, comparative results, pictures and charts all help to tell the message of the annual report.

* * *

Estate Investing

J. M. Macdonnell, president of the National Trust Co., sought this week to dispel a misconception. It is quite incorrect to assume, he says, that "all corporate investments will indiscriminately and perhaps precipitately dispose, even at a sacrifice, of non-trustee securities, particularly common stocks."

"Further, in those cases where wide open powers of investment are given and entire discretion left to executors," he states, "we do not in our policy exclude the retention or purchase of a moderate percentage of high class stocks. What we seek to do is to pursue a prudent course, having regard to the various dangers which beset the path of the investor and to the desirability of a well-balanced portfolio."

Lake St. John Expected To Pay April 1 Interest

From Our Own Correspondent

MONTREAL.—An announcement on the interest payment on the 5% first mortgage debentures of Lake St. John Power and Paper Co. due April 1 is expected within the next few days.

This interest payment will be in respect to 1940, and it is almost certain that the company will make the payment.

In the past year two payments on the debentures were made, one in respect to interest for 1938 and the other for 1939.

Significant Investors' Index Numbers

	Mach. and equip.	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied prod.	Beverages	Bldg., mater.	Power and traction	Banks	Total utilities	Total co's.
No. of Securities	8	7	3	4	10	12	7	15	15	8	19	93
(Using old base 1926=100)												
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940: Monthly Figures:												
Jan.	134.3	24.5	98.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.8	23.4	98.4	158.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
June	93.2	13.1	62.9	100.2	70.3	144.1	106.9	103.3	47.0	74.7	35.8	71.9
July	92.0	13.9	67.1	101.3	74.5	145.8	114.2	102.3	47.1	70.0	35.5	72.5
Aug.	98.5	15.3	68.4	104.4	76.9	150.1	120.3	107.8	48.6	72.1	37.1	76.0
Sept.	107.0	16.5	81.0	120.9	81.9	163.1	124.9	121.0	51.3	76.0	39.3	83.2
Oct.	105.1	16.1	79.3	112.0	81.5	162.9	124.8	123.6	51.1	75.2	38.8	81.4
Nov.	107.6	16.6	69.1	108.6	82.0	161.7	132.7	126.9	50.6	75.9	39.4	81.7
Dec.	98.3	15.4	63.8	97.0	78.8	159.9	133.6	121.9	50.2	77.4	38.5	77.1
Weekly Figures: (Using new base 1935-39=100)												
Jan. 9 ..	77.6	75.8	72.6	52.2	114.9	99.0	105.7	86.2	76.6	95.4	78.1	71.5
Jan. 16 .	78.9	76.2	72.6	53.0	113.0	96.7	104.9	86.0	76.5	95.0	78.5	72.6
Jan. 23 .	77.5	73.8	71.2	50.9	110.4	95.2	102.9	83.5	74.5	94.5	76.6	71.0
Mo. ago .	78.5	75.7	75.4	47.7	116.8	100.3	107.6	86.8	75.6	95.2	76.0	69.5
Yr. ago .	104.7	119.0	114.6	77.2	127.7	113.3	105.3	106.6	92.0	103.6	90.3	89.9

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Jan. 28	98.56	105.38	68.82	20.89
Jan. 27	98.78	105.87	67.09	20.92
Jan. 25	99.40	107.15	67.29	20.91
Jan. 24	99.30	106.82	67.26	20.91
Jan. 23	99.06	106.66	67.25	21.05
Jan. 22	98.86	106.45	67.20	21.02
Month ago ...	101.15	108.85	67.54	20.96
Year ago	122.18	119.71	80.02	31.50
High 1940-41	123.84	123.80	88.97	33.31
Low 1940-41	86.00	77.34	56.81	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Jan. 28	52.7	63.4	59.8	74.62	78.61
Jan. 27	52.5	63.6	59.9	75.34	78.83
Jan. 25	53.0	63.6	60.0	75.51	78.92
Jan. 24	52.8	63.1	59.7	75.56	78.58
Jan. 23	52.8	63.3	59.8	75.62	78.72
Jan. 22	53.0	63.2	59.8	76.30	78.80
Month ago..	54.9	66.1	62.3	81.06	79.05
Year ago ..	67.7	87.6	81.0	136.79	96.36
High 1940-41	69.2	92.2	84.4	152.63	100.81
Low 1940-41	41.8	53.7	54.7	66.44	55.16

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Canadian Car Plans Paying Pref. Arrears

Business Prospects For Current Year Warrants Action, President States

From Our Own Correspondent

MONTREAL. — Payment of current dividend on the preferred stock and advancement of a plan to liquidate arrears was forecast by Victor M. Drury, president, at the annual meeting of Canadian Car & Foundry Co.

With the prospect of orders for railway equipment in the current year the company is considering the current payment, and also liquidation of arrears, which amounted to $2.7 millions, or $9.56 a share at Dec. 31, 1940.

Since the annual meeting declaration of a dividend of 44 cents a share has been announced, payable April 10 to shareholders of record March 21, subject to approval by the Foreign Exchange Control Board.

Rail Business Better

The substantial betterment in earnings in the year ended Sept. 30, 1940, were brought about by rail equipment orders, according to Mr. Drury. Without this business it is almost impossible for the company to make profits, notwithstanding the efforts of the organization to diversify its production.

Principal diversification of current production is the manufacture of aircraft, which has been greatly expanded because of war activity.

Aircraft Profit Narrow

The profit permitted on these aircraft contracts is restricted to a very small margin, Mr. Drury stated.

The company has received orders for 600 Hurricane fighting aircraft, the first contract for 40 planes having been completed five months ahead of schedule. At present 10 of the planes are coming off the Fort William assembly line weekly, which will gradually be increased to 20 planes weekly.

In view of the fact that the company was completely cut off from its source of supply of raw materials in June, 1940, it has been necessary to establish a new source on this continent, all materials being built to British specifications. Reasonably regularity of the flow of supplies has now been achieved, Mr. Drury states.

Hampden Output Slow

As part of the Canadian Associated Aircraft scheme the company is working on a contract for the centre section of the Hampden bomber plane. Work on this contract is proceeding slowly because of the difficulty of maintaining an adequate supply of raw materials.

Canadian Car is ahead of output schedule on the Hampdens.

The company is also building wings, fuselages and assembling Anson aircraft, twin-engined, advanced trainers. Work is being carried out at the company Turcot plant in Montreal and the Amherst, N.S., plant.

Facilities at Amherst are being extended at the expense of the Dominion Government for the purpose of building fuselages, and the assembly and testing of completed Anson planes. In addition a repair plant will be maintained here for repair of aircraft in the Maritime Provinces.

Three Plants Make Shells

The company is manufacturing large calibre shells at three of its Montreal plants. The production methods used are novel and have not been performed elsewhere on this type of shell.

Mr. Drury stated that work on the Mexican Government aircraft contract is progressing satisfactorily.

Black Tom Award

Canadian Car's wholly-owned subsidiary, Agency of Canadian Car & Foundry Co., has received payment from the United States Treasury of $6.4 millions in part payment of its claim against the German Government in the Black Tom case. The company is advised by the United States Treasury that $8.5 millions are still due and, when sufficient money comes into the German special deposit, account will be paid.

Of the portion it has now received for its claim an undetermined amount will be deducted for expenses in carrying the case for the past 24 years, as well as government taxation. Some time will elapse before the definite amount can be determined.

Canadian Car will make every attempt to collect as much as it can of the $8.5 millions claim remaining.

Governments Owe $2.5 Millions

Mr. Drury drew attention of shareholders to the increase in bank loan of $800,000 during the year. Against this loan the company has $2.5 millions due from the Canadian and British Governments for work done on their account, Mr. Drury explained.

Investment Notes

Imperial Tobacco sales in 1940 will show a moderate increase over the previous year. Cigarettes released during 1940 totalled 7,571.8 millions, against 7,126.2 millions in 1939, according to the Dominion Bureau of Statistics. Cigar output in 1940 was 165.7 millions, against 133.4 millions.

* * *

S. E. C. supplementary report of November security transactions includes the following of Canadian interest.

Granby Consolidated—W. C. Bennett, director, sold 300 shares, holding 100.

Paramount Pictures—A. C. Goodyear, director, increased common 1,000 to 2,000 shares and holds 300 preferred; in trust Mr. Goodyear holds 300 preferred.

Twin City Rapid Transit—L. C. Webster, Montreal, director, increased common shares 75 to 100 and held an undisclosed proportion of 100 shares owned by a holding company.

Canadian Pacific — L. J. Belnap and Aime Geoffrion, K.C., recently elected directors, each held 1,000 common shares in December, 1940.

Company Reports

Victoria Trust & Savings

Increases in guaranteed investment receipts, deposits and estates business are reported by Victoria Trust & Savings Co., Lindsay, Ont., in its annual report for 1940.

Net earnings before deductions were some $3,000 lower than in 1939, but after deducting income taxes of $17,200 compared with $4,500 in 1939, net profits were approximately $15,000 lower. As a result of heavier taxation dividends were reduced to $4.50 per share in 1940 compared with $6 a share in 1939.

Earnings Record

Year	Paid-up capital & reserves $	*Net profit $	Div. rate $	*Rate earned per sh. $
1936 ...	1,695,000	55,436	6	6.84
1937 ...	1,695,000	50,166	6	6.19
1938 ...	1,595,000	50,627	6	6.25
1939 ...	1,595,000	53,809	6	6.64
1940 ...	1,595,000	38,182	4½	4.71

*After deducting all charges and income taxes, but before writing $548 off office premises in 1939, $390 in 1940.

Liabilities to Public As at Dec. 31

	1940 $	1939 $
Invest. certificates ..	5,565,523	5,519,180
Trust deposits	1,629,395	1,617,849
Total	7,194,918	7,137,029
Secured by:		
Liquid assets	1,723,748	1,475,260
Mortgages & int. ..	5,471,170	5,661,769
Other net assets	1,630,295	1,618,953
	8,825,213	8,755,982
Estates, etc.	1,776,850	1,698,745

London Life

Substantial gains in new insurance written, insurance in force, assets and surplus funds were reported by the London Life Insurance Co. at its annual meeting. In addition the mortality rate was stated to have been favorable.

New insurance written went over the $100 million mark, while insurance in force with the largest gain of the last 10 years reached $698 millions.

Total assets rose more than $8 millions.

The rate of interest earned on invested assets at 4.59% was slightly lower than in the previous year. The company, however, is maintaining the same scale of dividends to policyholders as in the previous year. E. E. Reid, vice-president and managing director, stated.

Total surplus and additional policy reserves beyond legal requirements amounted to $14.9 millions, an increase of $2.5 millions for the year, J. E. Jeffery, president announced.

	1940 $	1939 $
New insurance	100,022,857	87,235,888
Insurance in force ..	698,098,386	643,316,111
Total assets	143,814,578	134,970,839
Rate of int. earned %	4.59	4.69

Toronto General Trusts

Although net earnings of Toronto General Trusts Corp. increased slightly in 1940 over the previous year, a rise in provision for taxes from $65,000 to $80,000 caused a decline in the net available for dividends of approximately $14,000. Liabilities to the public declined $1.5 million in 1940, a somewhat smaller decline being shown in securing assets. Mortgages held by the company dropped some $600,000.

Net earnings per share amounted to $7.60 in 1940 against $8.07 the year before. After allowing for write-offs against premises, earnings were $5.94 and $6.40 respectively.

Earnings Record

Year	Paid-up Capital & reserves $	*Net profit $	Div. rate $	*Rate earned per sh. $
1936 ...	4,500,000	224,784	4	7.49
1937 ...	4,500,000	231,065	4	7.70
1938 ...	4,500,000	232,166	4	7.74
1939 ...	4,500,000	242,104	4	8.07
1940 ...	4,500,000	228,047	4	7.60

*After income tax reserve, but before writing off 50,000 annually against office premises.

Creditors' Position

	1940 $	1939 $
Invest. certificates ...	11,348,105	11,636,313
Deposits	6,886,005	8,099,135
	18,234,110	19,735,448
Secured by:		
Liquid assets	5,989,837	6,903,549
Mtges. & int.	12,244,273	12,831,899
Other net assets ...	4,959,660	4,901,612
	23,193,770	24,637,060
Estates, etc.	218,101,739	215,179,749

Huron & Erie Mtge.

In its 77th annual report, Huron & Erie Mortgage Corp. reports net earnings for 1940 of $318,675, before deductions, compared with $350,915 in the preceding year.

Dominion and provincial taxes rose from $31,470 in 1939 to $50,306 in 1940, while municipal taxes increased from $12,745 to $12,909. Liabilities to the public decreased approximately $800,000, the decline being most marked in debentures payable in sterling.

Real estate held for sale decreased from $1,029,058 to $907,543. Assets of the People's Loan & Savings Corp. were realized on to the extent of some $60,000, the total carried forward dropping from $857,567 to $795,251.

Collections of interest and principal due on mortgage loans held at approximately the same volume as in 1939, although a noticeable improvement took place during the last three months of the year. No additions were made to internal reserves in the 1940 report. These reserves are now stated to be in excess of $2 millions.

Earnings Record

Year	Paid-up Capital & reserves $	*Net profit $	Div. rate $	*Rate earned per sh. $
1936 ...	6,500,000	304,553	5	6.09
1937 ...	6,500,000	236,990	4½	4.74
1938 ...	6,500,000	304,254	4	6.09
1939 ...	6,500,000	256,700	4	5.13
1940 ...	6,500,000	255,460	4	5.11

*After all charges and taxes, but before allotting $100,000 to internal reserves in 1936 and 1938, $50,000 in 1939.

Liabilities to Public As at Dec. 31

	1940 $	1939 $
Debentures	26,235,444	27,011,898
Deposits	9,960,569	10,001,259
Interest	267,203	275,896
	36,463,216	37,289,053
Secured by:		
Liquid assets	5,887,037	6,104,305
Mtges., etc. & int...	32,159,664	32,509,191
Other net assets† ...	5,070,474	5,341,305
	43,117,175	43,954,801

†Including stock of Canada Trust Co. carried at $1,556,680; unrealized assets of the People's Loan and Savings Corp. carried at $795,251 in 1940, $857,567 in 1939.

Great West

Business in force with the Great West Life Assurance Co. at the end of 1940 at $640 millions was at a new high in the history of the company and more than $14 millions above the previous year. As with various other companies during the year, new insurance placed was lower but conservation of business already on the books more than offset the decline. Assets also reached a new high level of $173.5 millions.

During the year, $17.2 millions was paid to policyholders and their beneficiaries, an average of nearly $60,000 every working day of the year. It was announced that since the company was organized in 1892, over $237 millions has been paid to policyholders or their dependents.

	1940 $	1939 $
New insurance ..	53,401,865	61,657,010
Insurance in force	640,000,000	625,556,093
Policy payments .	17,249,139	16,217,516
Assets	173,512,329	167,456,202
Policy reserves ..	166,825,422	138,738,923
Surplus	6,686,907	6,604,774

Crown Trust Co.

Net profit of Crown Trust Co. in the year ended Dec. 31, 1940, after deduction of taxation, amounted to $44,041. This compares with net profit of $47,384 in the preceding year. Earnings were equal to $4.40 a share, as against $4.73 a share in 1939. Dividends of 4% were paid in both years.

R. W. Steele, president, reports moderate increase in business during 1940, especially in the trust department. Net earnings before taxes increased to $67,693 from $62,417, before taxation, but a small contraction was shown after this provision.

Earnings Record

Year	Paid-up Capital & reserves $	*Net profit $	Div. rate $	*Rate earned per sh. $
1936 ...	1,400,000	72,859	7	7.29
1937 ...	1,400,000	53,855	7	5.38
1938 ...	1,400,000	47,258	4	4.72
1939 ...	1,400,000	47,384	4	4.73
1940 ...	1,400,000	44,041	4	4.40

*Taxes deducted.

Creditors' Position

	1940 $	1939 $
Funds for investment	1,667,280	1,900,205
Secured by:		
Liquid assets	1,363,254	1,550,968
Mtges. & int.	302,026	349,237
Other net assets	1,448,004	1,444,763
	3,116,084	3,344,968
Estates, etc.	37,204,525	34,679,003

Dominion Life

Insurance in force with the Dominion Life Assurance Co. at the end of 1940 was $3.1 millions higher than at the end of the previous year, the annual report submitted at the annual meeting in Waterloo shows.

Total income for the year was higher as also were total assets.

Payments made to policyholders and beneficiaries during the year were $500,000 more than in 1939. President Ford S. Kumpf stated that of total amount, 67% had been paid in lump sum payments and monthly incomes to living policyholders. Over $47 millions has been paid to policyholders and beneficiaries since the company was organized in 1889, he added.

Policy and annuity reserves were increased during the year, the total now standing at over $38 millions while total assets amount to over $46.5 millions.

Years Ended Dec. 31

	1940 $	1939 $
Insurance in force	188,368,428	185,202,200
Total receipts	8,160,164	8,045,123
Policy payments .	3,545,497	2,976,981
Total assets	46,503,252	43,875,330
Policy reserves ..	38,381,965	36,084,952

Crown Life

An increase of over $13 millions in insurance in force was reported by the Crown Life Insurance Co. for the year ended Dec. 31, 1940. New insurance effected during the year was slightly lower but the reduction in lapsed and surrendered policies more than cancelled the decline in new business. New Canadian business was 10% larger than in 1939.

During the year the company paid out to policyholders and their beneficiaries $3.5 millions. Death claims were slightly higher. The company had 17 war claims amounting to $27,134. The mortality rate experienced during the year inclusive of war claims was stated to be identical with that of 1939.

An increase of $4.3 millions in assets was mainly in Government and municipal bonds although all other items were also higher. The average rate of interest earned on invested assets was 4.73% compared with 4.86% in 1939.

Years Ended Dec. 31

	1940 $	1939 $
New insurance ..	32,043,381	34,757,262
Insurance in force	233,154,019	219,883,976
Total receipts	9,867,309	9,434,407
Premiums	7,509,430	7,732,151
Invest. inc.	1,751,562	1,617,261
Other funds ...	606,315	100,662
Policy payments .	3,505,772	3,146,439
Death clms., etc.	1,160,104	1,052,654
Matured & surr. policies	1,437,461	1,273,071
Dividends	350,733	368,705
Annuities, etc. .	557,472	454,008
Assets		
Gov. & mun. bds	15,123,233	13,460,791
Other bonds ...	3,792,001	4,952,909
Mortgages	11,045,126	10,489,394
Stocks	2,195,993	1,983,191
Policy loans ...	4,801,200	4,326,782
Policy reserves ..	37,356,963	34,199,015
Surplus	1,883,835	1,726,402

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To the Officers Commanding Canada's Industrial Army

A Summons to Action and Leadership

In the nation-wide effort to mobilize 2,000,000 workers to pledge themselves to save and buy War Savings Certificates "for the duration", Canada relies upon you to do double duty.

First, pledge yourself to buy War Savings Certificates. Second, organize and encourage every person in your employ to pledge themselves to buy War Savings Certificates.

In total warfare, the savings of the people are the weapons of the people. You know this; but some workers may not see it so clearly. Therefore, in addition to the extensive publicity which is now telling them *why* and *how* they should buy War Savings Certificates, they should be told personally. And, in your organization, you are the man to tell them.

It is not a big job. But it must be done, and done quickly and completely. No loyal man or woman will resent being spoken to about it, especially by you, in whom they have confidence, and to whom they look for leadership.

The moral effect of having 2,000,000 workers with a financial stake in Victory will be of incalculable benefit to the country now—to say nothing about the value of this backlog of savings to tide over the post-war period of readjustment.

Just how much you and each person in your organization can save and invest in War Savings Certificates will depend upon individual circumstances. The important thing is that everyone should do it. The following figures are suggested as a basis of saving when organizing an Employee Payroll Savings Plan.

Earnings per Week	Savings per Week	Maturity Values of Annual Purchases
Up to $20	25c to $1.00	$15 to $65
Over $20 to $30	$1.25 to $2.00	$80 to $130
Over $30 to $40	$2.25 to $3.50	$145 to $225
Over $40	$3.75 to $9.25	$245 to $600

Get action at once. Pledge everyone in your organization to save and lend. It is your responsibility.

Buy **WAR SAVINGS CERTIFICATES** *Regularly*

Published by The War Savings Committee, Ottawa

Bond Markets

War Loan Savings Retard Buying

Largest Investors Prepare For War Loan Subscriptions By Postponing Current Purchases—Low Yields a Factor

Canadian bond markets may be feeling a change in the buying policy of Canada's largest investors, the insurance companies. For such concerns it is almost obligatory that they make huge applications for any Government loan that comes along. Thus, these companies start to build up cash reserves some months in advance of the time when a big war loan is expected. Already it appears that some of them are investing a little less than they are taking in each week, a policy which will accelerate until the next loan is offered.

The problem of what to do under such circumstances is an important one. An insurance company has the alternative of deciding whether to make full investments up to a predetermined date and then cut off all buying while waiting for a war loan. Or they may decide, as probably most of them will, to gradually taper off and let funds accumulate to have a few millions ready for next summer's expected demands.

* * *

Sour on Provincials?

This latter policy should cause less dislocation to the Canadian bond market than the first. Moreover, such companies are influenced in adopting the latter type of policy by the actual scarcity of suitable offerings at present. They have become rather sour on most provincial bonds, a condition made more serious by the breakdown of the recent conference on Dominion-provincial relations. There are not many important offerings of corporation bonds available of a type which would be suitable for their use.

One thing they are trying to do is to protect their income from investment. It is hard to maintain a 4% dividend rate on life insurance policies with the majority of investments placed in 3% Dominion bonds. Thus, there has been compelled a certain reaching for other types of securities. Good municipals are welcomed. So are a satisfactory class of corporation bonds. Diversification is desirable even if the major part of an investment programme must be limited to obligations of one borrower, in this case the Dominion Government.

* * *

Vanishing 6's

On their twentieth anniversary, Feb. 1, some $8.3 millions of Ontario 6% bonds of 1941 are being garnered in by an eager provincial treasury. Only two issues bearing 6% coupons remain in the Province of Ontario's funded debt, and both of these will disappear on Sept. 15, 1943, removing another $27 millions of high-interest securities from the market.

When the 6's of 1941 were issued, at a cost to the province of 6.15%, investors and the public were pleased that a $10-millions issue could be disposed of so cheaply. The previous issue had cost the province 6.60% and the 6% bonds of 1943, issued in September, cost the province 6.28%. At the same time, U. S. interests bought the parallel issue, payable in New York, at a cost basis of around 5½%.

The U.S. dollar was then at a premium of around 11%, so that the actual cost of the bonds in U.S. funds was some 60 cents lower than Canadians were paying. That 60-cent spread between U.S. and Canadian quotations for what was substantially the same issue is a startling comparison with today's spreads of up to 20 points between the two markets. Apparently streamlined credit and exchange controls are a poor substitute for the laws of supply and demand in the opinion of the American investor.

* * *

Bond Index

The D.B.S. index of long-term bond prices and yields on the new base derived from the five years 1935 to 1939 eased slightly in the week ended Jan. 23. Average of 100.7 for the week was 0.1 point below that of the preceding week, but 2.5 points above the corresponding week of 1940.

DOMINION OF CANADA
Long-term Bond Index

	Weekly average Jan. 17-23	Preceding week Jan. 10-16	Weekly average year ago
Price	100.7	100.8	98.2
Yield	96.4	96.2	102.1

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FACTORY executive already engaged, wishes to become associated with reliable organization in a higher administrative capacity.

Has been connected with internationally known concern for several years as factory superintendent. Age 36, married.

Existing salary would not justify acceptance of another appointment with a yearly remuneration of less than $5000.00, although opportunity to broaden experience of primary importance. Private interview solicited. Write Box 11, The Financial Post, Toronto.

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"The Rival" by HARTT

A dressy balmoral in fine supple calf that's sure to be a big favorite! This is Hartt's famous "Rival" last with medium round toe and a heavy single sole that combines dependable wear with Hartt's traditional excellence of appearance. There are many other distinctive Hartt shoes from which to make your selection—all exclusive in Toronto with Simpson's. The Rival, illustrated: black, pair 10.50; brown, pair $11.

Simpson's

The Store for Men — Street Floor

United Steel Bonds Offered

Prospectus Shows 10 Mos. Earnings Above All of 1939

Consolidated net earnings of United Steel Corp., before income taxes and bond interest but after depreciation of $65,394, amounted to $237,233 for the 10 months ended Oct. 31, 1940, according to the prospectus offering the company's new 5% first mortgage bonds. This compares with $183,877 for all of 1939 and is well above comparative figures for any of the past four years.

A balance sheet as at Oct. 31, last, giving effect to the new financing and consolidation of assets and liabilities of subsidiaries, shows working capital of $1.3 million which would compare with $1.1 million at Dec. 31, 1939. Cash is shown at $237,633 against $128,408 and accounts receivable at $1.3 million compared with $471,456. Of the latest receivables $502,315 is from Dominion of Canada. Bank loans and overdrafts amount to $698,218 where none appeared at the end of 1939. Inventories of $1 million compare with $688,702. Earned surplus is up to $566,028 from $457,305.

Government Contracts

It is stated in the prospectus that the company has "recently obtained a substantial contract from the Dominion Government for shell casings and marine equipment."

Final step in consolidating United Steel Corp. and its subsidiaries, Standard Steel Construction, is being taken with the current offering of a $900,000 issue of 5% first mortgage bonds, by Gardiner, Wardrop, McBride Ltd. at 100, to yield 5%.

Proceeds of this bond issue, amounting to $855,000 net to the company, is to be used to retire the $149,000 balance of 6% bonds outstanding, to acquire minority interests in Farand & Delorme, a subsidiary of Standard Steel, requiring about $100,000, to pay for the purchase of minority interest in assets of Standard Steel Construction requiring about $496,000 and for working capital.

5% First Mortgage Sinking Fund Bonds: Dated Jan. 15, 1941; due Jan. 15, 1956.

Principal and semi-annual interest (Jan. and July 15) payable in Canadian funds.

Authorized, $1,500,000; to be issued and outstanding, $900,000.

Sinking fund—Under terms of the trust deed, a fixed annual sinking fund payment of $30,000 is provided, to commence Jan. 15, 1942.

Trustee—National Trust Co. Ltd.

Orders Change In Intl. Hydro

SEC Dissolves Voting Trust and Cancels Common and B Shares

From Our Own Correspondent

MONTREAL.—Securities and Exchange Commission has ruled that the common and class B shares of International Hydro-Electric System are without value and are not entitled to participate in earnings, assets or voting power of the system in any reorganization.

It has ordered that the trusteeship, set up on Jan. 31, 1939, shall cease to be a holding company for International Hydro-Electric System and its subsidiaries. The three trustees are instructed by the Commission to surrender to the System 2.5 million common and 1 million class B shares of International Hydro for a nominal consideration of $1; the shares to be cancelled.

Prior to Jan. 31, 1939, voting control of International Hydro-Electric System was held by International Paper and Power Co. It divested itself of this interest to obtain exemption from the provisions of the Public Utility Holding Act of 1935 by appointing three liquidating trustees, to whom it transferred the stock.

At Oct. 31, 1940, International Paper and Power Co. owned 3,070 shares of $3.50 preferred and 39,779 shares of class A stock of International Hydro-Electric System.

With the class B and common shares entirely eliminated voting control will be vested in the class A shares, of which there were 856,718 outstanding at the end of 1939. The stock carries one vote a share.

Collections Higher For Hamilton

Best Year Since 1931 in Debt, Arrears, Current Collections

Completion of the 1940 tax returns for the City of Hamilton shows collection of 1940 current taxes at 90.90% of the current levy, the highest ratio in the ten years covered by a summary prepared by the city's treasury department. Collections of arrears also made a new high for the period, with 60.13% of the arrears outstanding at the beginning of 1940 collected in the year.

Net debenture debt (after deducting sinking fund, public utility and local improvement debts) ended the year at $16.3 millions, the lowest since 1931, and a reduction of some $900,000 in the year. Gross debenture debt was the lowest for the ten-year period at $21.8 millions, a reduction of $1.6 million since the end of 1939. No bank debt was carried into 1941, against a bank debt of $1.2 million at the end of 1939.

Improved condition of the city's finances is evidenced by the recent sale of $250,000 in treasury bills to Harrison & Co. at a cost basis of 1.50%. This compares with a cost of 1.75% on the previous treasury issue in July, 1940.

Comparative statistics for 1939 and 1940 are as follows:

		1940	1939
Population		155,836	154,915
Assessment per cap.	$	1,061	1,064
Tax rate (net)	mills	39	37
Tax levy	$	6,664,316	6,423,413
Collections:			
Current	$	6,057,613	5,703,152
Arrears	$	856,980	974,441
Total collections	$	6,914,593	6,677,593
Per cent collected:			
Current	%	90.90	88.79
Arrears	%	60.13	55.29
Curr. & arr. to levy	%	103.76	103.81
Net debenture debt	$	16,347,803	17,294,206
Per capital	$	104.90	111.64
Arrears o/s	$	1,088,423	1,425,254

Report B. C. War Industry Running Only 40% Capacity

From Our Own Correspondent

VANCOUVER.—In spite of all the pleas for increased production of war materials and the rising industrial pace in eastern Canada, Pacific coast manufacturers capable of producing shells, guns, gun-carriages and a wide variety of mechanical equipment needed for defense are reported operating their plants at less than 40% capacity.

The reason for the comparative idleness of west coast plants is failure to share in the Canadian Government's war orders, and not a few executives of some of Vancouver's largest plants are complaining of discrimination.

"At a time when we should be stepping up production we are witnessing a progressive decline in output," one operator told The Financial Post. "Even the day shift in most of the 48 plants capable of handling metal trades orders is only operating 40%; the second shift about 30% and the third shift 20%. Instead of facing a shortage of labor, as many eastern factories are, we are being compelled to lay off men, and we are worrying over the loss of keymen who are growing restive over the long delay. Once our staffs are disbanded we will be seriously handicapped should the Government belatedly call on us to go to work."

Production in Vancouver metal trades is definitely less than it was two or three months ago, despite assurances from Ottawa that by this time they would all be engaged in as much work as they could effectively handle.

The plants on this coast are not capable of mass production, but they are equipped for a wide variety of work, such as required by the major industries of this section. Members of the British mission, recently here, expressed amazement at the high quality of workmanship of coast plants, and they were just as much surprised by the fact that so many of them were idle.

"Under the circumstances we simply can't figure out why all this plant capacity should be overlooked, after 15 months of war," said another leading industrialist. "Naturally we look to Ottawa for direction. We are getting nothing from there except vague promises. There seems to be a total lack of recognition of the obvious need of munitions in a hurry and the exercise of every possible facility to get them."

Montreal Commission To Offer Bond Issue

From Our Own Correspondent

MONTREAL. — Montreal Metropolitan Commission will offer in the near future $1.2 million of 4½% debentures, maturing in five years, through a syndicate headed by Banque Canadienne and L. G Beaubien & Co.

The Commission has issued a statement that the loan would be used to refund advances made by it to several of its constituent municipalities for various purposes. What these purposes were was not revealed.

L. G. Beaubien & Co. will be paid one eighth of 1% for its work on the issue, and the Commission will not permit sale of bonds unless 98% of face value is returned to the Commission.

Bond Redemptions

Bond issues:	Rate	Year	Due	Price
Stand. Lime	*6%	1944	Feb. 1	102
Dom. Telegraph	†5½%	1978	Feb. 2	100
Silverwood A	5%	1942-51	Mar. 25	103
Do., B	5%	1952	Mar. 25	101

†Drawn by lot $4,300.
*$13,000.

Nfld. Power Co. Offers Bonds

$300,000 Issue to Pay For New Power Development

From Our Own Correspondent

MONTREAL. — Newfoundland Light & Power Co. is offering $300,000 of 5% general mortgage sinking fund bonds through Royal Securities Corp. The bonds are being offered at par and accrued interest.

Proceeds of the issue will be used to reimburse the company for capital expenditure, including expenditure already made on the Tors Cove power development. It is expected that a further $500,000 of first mortgage bonds will be issued

Newfoundland Light & Power Co. owns and operates the electric lighting, power and tramway services at St. John's, Newfoundland. Population served is in excess of 40,000 and the number of light and power customers is approximately 9,500.

Since 1931 the company has supplied power to Dominion Steel & Coal Corp. for operation of its iron mines at Bell Island. The contract expires June 30 this year. A new contract for a 15-year extension has been entered into with the company and placed in escrow, pending the company obtaining certain additional rights in connection with the hydro-electric station at Tors Cove. Newfoundland Commission of Government has advised the company that these rights will be granted.

More than 99% of the company's common shares are owned by International Power Co.

Newfoundland Light & Power Co. obtains its power from hydro-electric stations at Petty Harbor and Pierre's Brook, which have a combined capacity of 11,500 h.p. An additional hydro-electric station of 5,700 h.p. capacity is under construction at Tors Cove Brook.

Call the G-man★

★"G" stands for Gestetner of course.

DUPLICATING MACHINES

D. GESTETNER (CANADA) LIMITED, TORONTO

Factory Branches in all Leading Cities

May Increase Payment On "Cement" Preferred

From Our Own Correspondent

MONTREAL. — Little hope was held out for preferred shareholders of Canada Cement Co. that arrears will be paid off in the current year. Speaking at the annual meeting of shareholders, J. D. Johnson, president, stated that if earnings warrant payments may be made this year at the full rate of $6.50 a share, compared with payment of $5 in 1940.

Bond Tenders

12 Noon, Jan. 30, Canada Treasury Bills —$35,000,000, dated Jan. 31, 1941, payable May 2, 1941.

Foreign Exchange

During the week Jan. 21 to Jan. 27 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Jan. 27

Australia	3.58	N. Zealand	3.61
India	.3372	S. Africa	4.47
Japan	.2608	Hong Kong	.2656

Noorduyn Labor Halts Overtime

From Our Own Correspondent

MONTREAL. -- Awaiting enactment of the overtime provisions of a labor agreement signed Jan. 9, about 250 workers for Noorduyn Aviation Co. staged a short-lived walk-out. They indicated that they would not work overtime the coming week end unless the new agreements were placed in effect.

Spokesman for International Association of Machinists declared that the workers would not do any overtime work until the agreement had been implemented.

The company has received orders amounting to nearly $8 millions since July, 1939, for aircraft. It manufactures the Norseman and Harvard Advanced Trainer, two important planes used in the British Commonwealth Air Training Plan.

The Montreal Curb Market has called for trading 6,378 additional common shares of Noorduyn Aviation Ltd. There are now outstanding 89,878 common shares, of a total authorized issue of 200,000.

"In the further extension of our estate services among those of moderate means, I see our best hope of expanding business"

J. M. MACDONNELL, President and General Manager of the National Trust Company, to the Shareholders at the Annual Meeting.

An analysis of the number of new estate, trust and agency accounts of the National Trust Company over the past five years, shows:

under $25,000	55%
$25,001 to $75,000	24%
$75,001 to $150,000	10%
over $150,000	11%

In servicing these accounts, as in the conduct of all its business, the Company's facilities have been extended as fully to those of moderate means as to the very wealthy.

COST AND SERVICE

With the variety of its departments, its group judgement, and its wide experience, the Company is able to give a much more efficient and complete service than the private executor and at no more cost. Except in the Province of Quebec, the fees for trust services are fixed by the same authority, the Surrogate Court Judge, on the same principles as those of private executors, namely, the care, pains and trouble taken by the executor in the management of an estate.

INVESTMENT

As investment has become more and more difficult with the increasing complexity of economic affairs, the National Trust Company has enlarged and intensified its investment services and facilities. The policy of its Investment Department, in association with the Investment Committee of the Executive Officers of the Company supplemented by the Board of Directors, is to pursue a prudent course, having regard to the various dangers which beset the path of the investor and to the desirability of a well-balanced portfolio. This policy operates to full effectiveness if sufficient latitude is given by the testator and it does not exclude, and has not excluded, the retention or purchase of a moderate percentage of high-class stocks.

TAXATION

With the increasing burden of taxation in all its ramifications, National Trust Company's tax services have expanded until now, in Toronto alone, it has a department of twelve, wholly devoted to this work. The members of this department are constantly dealing with the various governments and are familiar with the legislation as well as the rulings of the various taxing authorities. Their years of experience qualify them to offer advice on tax difficulties and their services are being extended to a widening clientele.

PERSONAL RELATIONS

In taxation, as in investment, and as in all estate, trust and agency services, National Trust Company offers and seeks and attains an intimate, personal relationship between its clients and the officers of the Company in all its departments. This measure of trust is the measure of its helpfulness and the mainspring of its business.

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National Trust Company, Limited

TORONTO MONTREAL HAMILTON WINNIPEG SASKATOON EDMONTON

A COPY OF THE FOLDER DEALING WITH THE COMPANY'S BUSINESS IN 1940 WILL BE MAILED TO THOSE REQUESTING IT

The Editorial Page . .

The Root of Our Farm Troubles

Dominated by the same interests who led the farm revolt of 21 years ago, organized Canadian farmers have again marched on Ottawa. Their chief complaint is discrimination; that is, low prices and hard times for agriculture while urban industry is booming.

No sane person will dispute the facts of that part of the farmers' protest. Agricultural prices are depressed and Canadian farmers in most sections of the Dominion are far from prosperous. At the same time urban industry is working at top speed turning out vital war equipment.

This fact must, however, be faced: Hitler and his henchmen, not the Dominion Government or the workers of Canada, are responsible for the present state of affairs. Canadian agriculture's problem is lack of markets.

Canada is shut out of the whole of continental Europe. Even our farm exports to Great Britain are strictly limited to the most vital of food products. Naturally this has meant hardship for Canadian agriculture which for generations has based its prosperity on a huge and steady export trade. Loss of the major part of our farm export market and consequent low prices constitute the sacrifice Canadian agriculture is making in this war. It is a sacrifice of no small proportions but it is inevitable.

Nothing can be gained by playing farm politics at this critical period, or by making demands on Ottawa which might interfere with the wholehearted prosecution of the war. Victory must be won and Nazi-dominated Europe liberated and opened again to world trade before Canadian agriculture can hope for prosperity.

Food in Europe . . . and in Canada

From time to time we read of the rationing of food in Europe and in England. It is difficult for the average man or woman in Canada to appreciate the significance of the figures. Few people could say offhand whether they eat, for instance, 10 ounces or 10 pounds of bread in a week.

Here is a table which compares weekly rations in Europe with figures of average weekly consumption in Canada per capita:

Weekly Rations in Ounces

	Bread	Meat	Sugar	Fats
Germany	80	17.5	8	9.5
"Protectorate"	44	8.	10.5	5.8
Poland	62	9.	5.3	*2.3
France	87	12.8	4.5	3.5
Denmark	18.5	N.R.	13.	12.5
Norway	81.	N.R.	7.	11.
Netherlands	71.†	17.5	9.	9.
Belgium	56.	22.	7.5	14.
Italy	..	‡	5.3	7.
Finland	N.R.	N.R.	6.5	9.
Switzerland	N.R.	N.R.	17.5	9.
Sweden	42■	7.	7.	9.
Hungary	..	..	8.5	8.5
Spain	63	..	..	..
Slovakia	..	..	17.5	..
Great Britain	N.R.	■■	8.	8.
Average Weekly Consumption				
Canada	102	36.5	31.6	**14.1

N.R. Not rationed.
* Indicates butter and/or margarine.
† 25% more if rye.
‡ 4 meatless days a week.
■ 50% more if soft bread.
■■ Meat, 28 cents; bacon, 4 oz.
** Not including vegetable oils.

Greece rations bread, sugar, coffee, alimentary pastes, rice, pulses.

Germany rations, besides the commodities tabulated, coffee substitute, jam, cheese, eggs, oatmeal, sago and other edibles, but gives heavy workers extra bread, meat and fats.

This applies, too, to heavy workers and Germans living in Poland.

Belgian heavy workers get more bread, meat and margarine.

Coffee is available in Italy only for the Army and hospitals. Bread is not rationed, but cafes restrict supplies. Butter, lard and olive oil are interchangeable up to the fats allowance.

Italians, according to Elisabeth Mackenzie, former London News Chronicle correspondent in Rome, face the spectre of famine.

Food restrictions increase almost weekly, and many ruses are adopted, so that while many commodities are rationed, some are missing altogether and others are banned several days a week.

The biggest blow to Italians has been the recent rationing of spaghetti to 2 lb. a month.

In several countries only stale bread may be eaten. Other restrictions include clothes rations. Yugo-Slavia has a law against hoarding.

Turkey has no rationing at the moment.

There is, it would seem, little actual hunger anywhere in Europe. But particularly in the countries to which Hitler and Mussolini have been bringing the "new order," belts are being tightened more each day.

Taxes, Too, Raise Prices

When prices are rising, the householder is inclined to blame the manufacturer, wholesaler or retailer and to charge one or all of them with profiteering.

Evidence that such accusations are often unjust was given by F. A. McGregor, of the Wartime Prices and Trade Board, in an address last week. Mr. McGregor said:

> "Usually we don't think of Government as responsible for jacking up prices. The man on the street is more likely to think of monopolies and combines, of manufacturers and jobbers and retail merchants. Personally I don't agree that they should be blamed for all our ills in the way of high prices—not for all of them; nor as far as this war is concerned for many of them. Wartime profiteering has been at a minimum in Canada, certainly in the commodities with which we have been concerned."

This condition Mr. McGregor attributed more to the common sense and public spirit of the business men of the Dominion than the vigilance of the Wartime Prices Board although its vigilance, he said, would not be relaxed.

Tax increases necessary to finance the war have made certain price advances inevitable. But for these, as Mr. McGregor points out, the Canadian business man is not responsible. They are a form of taxation to pay part of the cost of the war which everyone must bear.

If the business man increases the price by more than the amount of the tax, the Wartime Prices Board will then want to know why.

Editorials in Brief

Edward Hulton, Editor of World Review, London, called Lieutenant-General Andrew G. McNaughton, "The greatest living Canadian."

This is taking in a lot of territory, but before this war is over there may be ample evidence to prove that Hulton is right in his appraisal.

* * *

"If Great Britain could save herself by making peace at our expense, she would," declares the Saturday Evening Post.

The Post in its editorials is at least frank about its contempt for Britain.

The Guelph Daily Mercury goes so far as to label the Saturday Evening Post "an insidious evil," as a "force throwing its entire weight against the British Empire in its desperate fight for existence and its lonely championship of freedom."

* * *

> "History will record many strange and mighty events of this year. Among the strangest will be this: That Canada—numerically a small nation of a dozen million souls in North America—suddenly found herself occupying a strategic position of supreme importance in a conflict that would deeply affect the whole of mankind.
>
> "Canada abruptly became almost the keystone upon which depended the whole arch of democracy and freedom throughout the whole world."

This forceful quotation appeared in one of the current War Savings Certificates ads. appearing in Canadian publications.

Readers of The Financial Post will recognize it as the opening sentences of one of Sir Norman Angell's very striking articles in The Financial Post a little over a year ago.

All praise and gratitude to the "dollar-a-year" men serving their country gratuitously at Ottawa.

But let us not forget that an equal vote of thanks is due to the firms which loan them. In most cases these firms are continuing to pay the salaries of their executives and in some cases to bear their expenses as well.

We have no doubt that after the war Canadian business will be attacked by radicals and politicians as selfish, ruthless and unpatriotic. Its contribution to the war effort will be misrepresented and belittled. But business, in addition to paying the bulk of the income war taxes, is giving millions of dollars worth of executive talent to the Government, freely, and with no hope of or desire for favors or reward, other than the satisfaction of helping out the common cause of victory.

* * *

No one will ever catch up with all the misrepresentations in connection with the Sirois report and the recent Ottawa conference. But the Edmonton Journal has done a useful job in nailing one.

The C. C. F.'s Alberta organ, The People's Weekly, sought to make it appear that the opposition came from "big business." But the Edmonton Journal, in reply, reprinted from The Financial Post a list of many of Canada's most important business associations, including the Canadian Chamber of Commerce and the Canadian Life Insurance Officers Association, which officially went on record as supporting the recommendations.

The People's Weekly cited Premier Hepburn's opposition as evidence of the attitude of "big business."

The Financial Post has yet to find the business or financial man who approved Premier Hepburn's crude negations at Ottawa.

* * *

The Evening Telegram, Toronto, gave prominence to a contributed editorial favoring rubber money. It said it was written by a former inspector of a leading Canadian bank.

Anonymous articles of this type usually do not carry as much weight as articles signed with the name of the author. But perhaps the Telegram, in this case, has reason to hold the opposite view.

The Financial Post does not know who was the author of the money nonsense in the Telegram. But it can provide the name of one ex-banker, now in business, who is an advocate of what he thinks is monetary "reform" and who is sufficiently intimate with politicians of the Hepburn type to have some influence on their thinking.

He is A. Neil McLean, fish exporter of New Brunswick.

The Telegram knows and is friendly with McLean. Two years ago it devoted two full pages in successive Saturday issues to describing McLean's big herring plant at Black's Harbor.

* * *

Sir William Mulock was recently quoted by a Toronto newspaper as forecasting that Quebec would ultimately become an English-speaking province. What he had actually said was that Quebec would become English-speaking, as well as French-speaking.

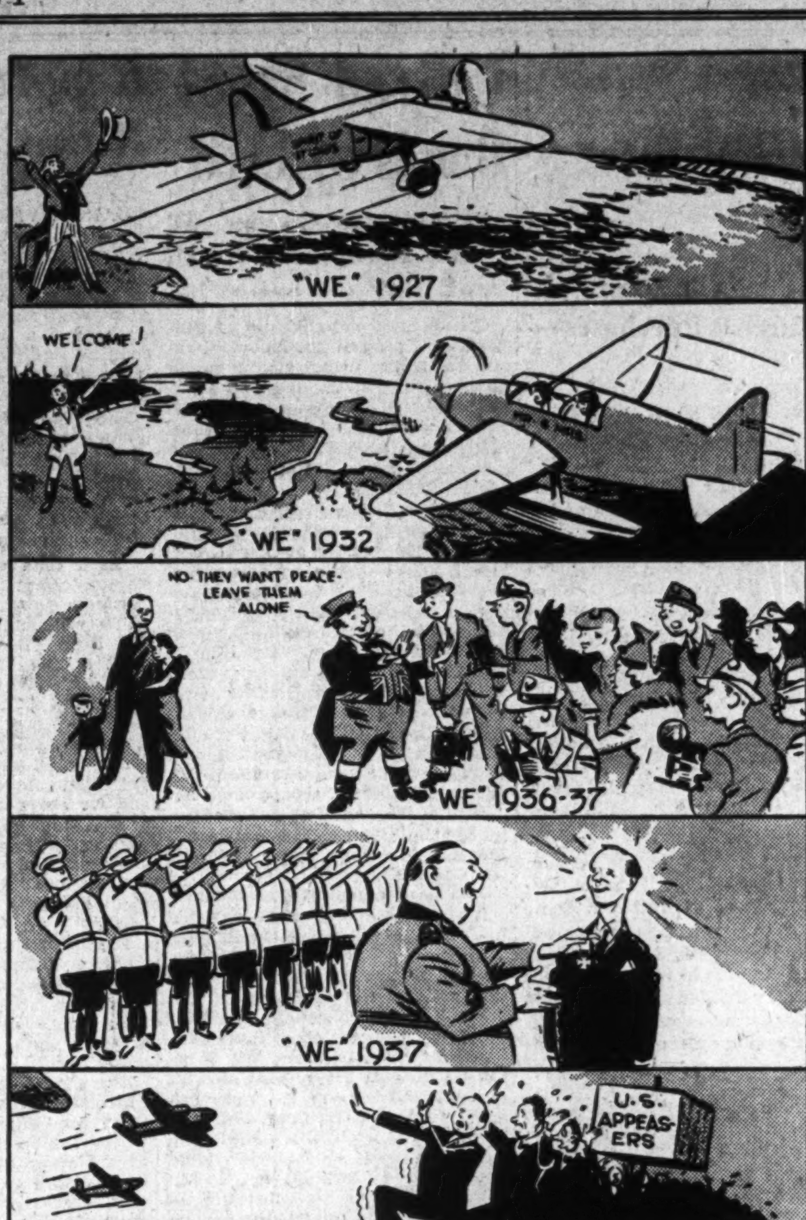
Before Sir William's correction got around he was the subject of a number of rather bitter, critical editorials. Not many of these editorial criticisms would have been written on the basis of Sir William's actual statement.

No person has a right to criticize Quebec for adherence to its own language. But no one ever loses by equipping himself with a second language. In the English-speaking provinces, French, Spanish and German are taught, unfortunately with insufficient thoroughness, so that no high school graduate can really claim to have a second language as a result of what he has learned in the provincial schools.

In Norway all children are taught English as a matter of course, because English is the great language of world trade and Norway is a trading and carrying country.

If Norwegians feel that English is essential to them as a second language it should be even more important to those French-speaking Canadian boys and girls who enter the commercial or financial world.

Jean-Charles Harvey has pointed out that in Canada 78% of all the jobs, and in North America more than 98% of the jobs, require English. Obviously, then, English as a fluent second language, will be useful to the boys and girls of Quebec province.



—Cartoon by Grassick.

"WE"

Post-Scripts . . .

Macbeth on Duncan

William Shakespeare introduced James S. Duncan to an audience in Toronto this week. Air Marshal W. A. Bishop, V.C., had been invited by the Toronto Board of Trade to introduce the retiring Deputy Minister of National Defense for Air to 1,000 board members gathered for their annual dinner.

This task the marshal performed with charm and tact, concluding with a passage from Macbeth:

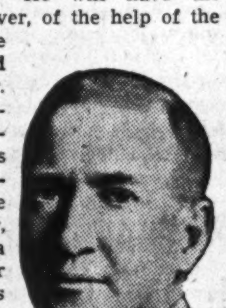
> "Besides this, Duncan
> Hath borne his faculties so meek, hath been
> So clear in his great office, that his virtues
> Will plead like angels, trumpet-tongued, against
> The deep damnation of his taking off."

Mr. Duncan was presented with an honorary life membership in the board (a rare honor) and was also elected as the president for the coming year.

* * *

Filling Mr. Russell's Shoes

Filling the position of a strong personality such as the late T. A. Russell is quite a task. It is such a position that Hilton Russell Tudhope is now taking over as president of Russell Industries Ltd. and vice-president of the two operating subsidiaries. He will have the advantage, however, of the help of the men who have been associated with the late Mr. Russell in building up the company with its subsidiaries, Canadian Acme Screw & Gear, Ltd., and Canada Cycle & Motor Co., while he has also been a director and vice-president of the parent company for several years.



H. R. TUDHOPE

H. R. Tudhope (the Russell in his name does not indicate any relationship to the man he is succeeding) is president of A. E. Ames & Co., a firm which he first joined in 1898 at the age of 20. As a partner in this well-known investment firm since 1902, he has joined the boards of many companies in the financing of which the Ames firm has played a leading part. Thus he is a director of Cosmos Imperial Mills, International Metal Industries, Hamilton Cotton Co., Building Products and Brantford Cordage.

* * *

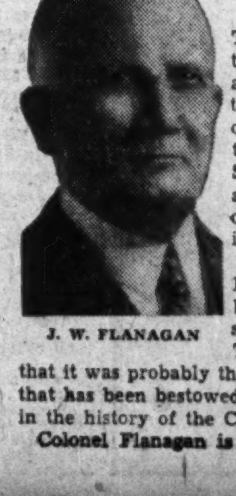
Mr. Tudhope was born in Orillia, Ont., in 1878. He is connected with the well-known carriage-making family of the same name although neither he nor his father were associated with this enterprise. His experience includes a period as a floor trader on The Toronto Stock Exchange where he made a name as one of the outstanding traders on the floor. He succeeded the late A. E. Ames to the presidency of the firm founded by the latter in 1934 and is given a major share of the credit for bringing the firm through the depressed period of the 1930's.

Conservative in his thinking, Mr. Tudhope has always impressed his associates with his ability to make up his mind quickly on important questions and to get things done. With an aversion to personal publicity, he has few activities outside of his work. He is a keen horseman, finding in this his favorite recreation and being also a member of the Ontario Jockey Club. Riding and walking are his means of exercise, the success of which are vouched for by his associates, who are subject to considerable propaganda on the virtues of walking from Mr. Tudhope. His home in suburban Toronto is too far from the office for him to walk all the way but the last half of the journey is regularly made on foot.

* * *

Colonel Flanagan

American papers gave wide publicity last week to the appointment of James Wainwright Flanagan as Honorary Colonel of the Irish Regiment of Canada.



J. W. FLANAGAN

The New York Times described the appointment as "recognition of the growing co-operation between the United States and Canada in the defense of North America."

Since Colonel Flanagan was born at Henderson, Texas, the Times pointed out that it was probably the first such honor that has been bestowed on an American in the history of the Canadian army.

Colonel Flanagan is president of the Andian National Corp. and director of the International Petroleum Co. Had he wished, he could have used the title "Colonel" long before this. To most of his friends, however, he has been Captain Flanagan for many a year.

The fact is that in Cuba's war for independence, he served as Lt.-Colonel in the Cuban army and later joined the staff of Brigadier General W. W. Gordon, U.S.A., being awarded the medal of Military Merit. Pope Pius XI commissioned him a Commander, Order of St. Gregory in 1926. He has been decorated by the Republic of Colombia and made an honorary citizen of the City of Cartagena.

He is perhaps intimate with more South American statesmen than any other living person.

Colonel Flanagan spent his early days in railroad work and mining in Cuba, Mexico and the United States. In 1913, he joined up with Sir Herbert Holt and gained a concession from the Colombian Government to build a 335-mile pipeline for shipping International Pete's. crude oil to the coast. For this purpose, Andian National Corporation, which he now heads, was formed in 1919.

Col. Flanagan is as respected for his philanthropies and cultural interests as he is for his business acumen. His home in Toronto is something of a museum in itself. Among its treasures not the least interesting are the autographed photographs, inscribed to Colonel Flanagan, of popes, potentates and presidents.

Colonel Flanagan is one of Canada's best hosts. Being entertained as a guest in his home is an experience not soon forgotten.

* * *

Foremen's Club

Recently we spent an evening with the Toronto Foremen's Club. This is the first club of its kind organized in Canada. It has just finished its first year of operation. It has over 100 members, representing some 26 firms that cover all types of industry.

The group was organized in January, 1940, by Fred Hubbard of Broadview Y.M.C.A., after consultation with key officials in various East Toronto industries. Originally 23 key foremen or departmental heads from seven firms sponsored the undertaking.

First president of the association was Jeff Claydon of Lever Bros. Ltd. Mr. Claydon says his family have been in the soap-making business for 102 years. His father and grandfather hailed from Nottingham, England. Mr. Claydon, Sr., came to Canada and started a small soap company of his own in Hamilton. Later Jeff Claydon also started a company of his own, subsequently linking up with Lever Bros.

President of the club for 1941 is "Mac" Langton of the Imperial Varnish & Color Company.

* * *

Although Foremen's Clubs are new to Canada, the movement first started in 1918 in Dayton, Ohio. In that year a class of foremen was organized by the local Y.M.C.A.

There are now hundreds of these clubs in United States, linked up through two large central organizations. One is the National Council of Foremen's Clubs with headquarters in New York City, the other was the National Association of Foremen with headquarters in Akron, Ohio. The Akron Association now has its own magazine "Supervision," published for the first time in 1929. This association has 25,000 members in 35 states, representing over 1,000 industries.

As a result of the success of the Toronto club other groups have now been formed or are in process of organization.

The Toronto club holds monthly meetings to discuss matters of mutual interest to foremen, plant supervisors and those who might be described as "sergeants" of the industrial working force. Although chief executives and senior officials are occasionally invited to attend, the foremen operate their organization quite independent of company management, as to finances, direction, study, etc.

* * *

Ralston's Devotion

Photographs of Col. J. L. Ralston returning from Britain on crutches eloquently tell of his stubborn devotion to the job he is doing. Col. Ralston is paying no attention to his health, which is unfortunate, because he is one of the most needed men in Canada's war effort.

HON. J. L. RALSTON

Perhaps Col. Ralston's most valuable quality is his realism. When something goes wrong he wants to know about it and does not pin the label of "fifth columnist" on the person who brings the information to him. He is constantly on guard against complacency and smug self-satisfaction; he welcomes criticism and suggestions.

His candor to the public and his open-mindedness as respects helpful criticism were both well displayed in his Sunday evening broadcast as Minister of National Defense.

Other People's Views . . . .

The Canadian Editorial of the Week

Expensive Pastime

Windsor Star

Despite all the protests that have been made against it, the Dominion is preparing to go ahead this year with the decennial census. There is time yet to reconsider the decision, and it should be reconsidered.

It is difficult to see how the Government can justify such an action in times such as these. The taking of the census means a large expenditure, and just now we have need of every available cent to help along our war effort. Also, it involves the employment of large numbers of people, and we are faced with an actual shortage of labor for our vital industries. The census will yield no results commensurate with the expense.

The Government, of course, will argue that the law calls for a counting of the people in Canada every 10 years. That is no argument at all. The law also says that there must be a redistribution of the seats in the House of Commons every 10 years, but, time after time, amendments have been put through Parliament postponing this re-allotment of ridings. It would be the simplest thing in the world to enact a similar law in respect to the census. That is what should be done.

* * *

As Others See Us

Write It Off!

Timmins Press

A short time ago The Financial Post suggested that Canada pay tribute to the courage and fighting spirit of the people of Greece, and the glorious part they have played in the war against Italy, by cancelling the debt Greece owes to Canada.

The debt is a sum of $6,525,000, not a large figure when compared to the cost of this war, and particularly small when compared to the contribution Greece has made to the threatened collapse of Italy, which until the attack against Greece was considered a strong partner in the Axis partnership.

The cancellation of this debt is a suggestion that is meeting with general approval, and while it may be handicapped by the fact that it came from The Financial Post, * it is to be hoped the Government will take action in the matter at an early date. It would be a gesture of this nature that would best tell the people of Greece of the appreciation there is for their smashing of the Italian dreams of conquest.

* Editor's Note: ! ! !

* * *

Why Are They Tax-free?

Lindsay Post

The Financial Post draws attention to the fact that the three western wheat pools have announced large profits this year. After paying depreciation and interest on debts, Manitoba and Alberta wheat pools had the tidy profit of $750,000 each. The profits of the Saskatchewan pool totalled $1,600,000. These pools are exempt from Dominion income taxes. There is no reason why such organizations should not pay taxes on their big profits. They are competitors of private elevator interests, which are obliged to pay income tax on their profits.

* * *

What the Papers Are Saying

Canada Marches On

Newsweek

Canada is wholeheartedly in the war. There is singularly little dissent anywhere. Her expenditures are estimated at about $3,000,000 a day. Her loans are being subscribed promptly. Her industry is growing by leaps and bounds. All this is apparent to everyone. But what is less apparent to most of us is what it means.

In Barron's of January 13, Stephen Leacock hints at it as he projects his country's economic future.

"After the war," he says, "the capital, the labor, the skilled labor, and the experience utilized and located by war industry, can be turned into the transfer of population, capital, labor, and machinery from Britain to North America in what promises to be a migration larger than any similar known to history."

Canadians realize far more clearly than we that after the war they will have traveled a long stretch of the road to industrialization and self-sufficiency. Every war speeds up such transitions.

In the face of necessity, Canada is swiftly moving toward a greater industrialization. There are those who will read object lessons into that simple fact. But what is plain, above all, is that the economic and social implications of Canada's industrialization are enormously important to our future. And one of the most significant of them is that even if England becomes increasingly socialistic in the course of the war because of the influence of British Labor policies, Canada promises to be a vastly more potent stronghold of free enterprise. We shall be glad to have neighbors of that sort.

* * *

Who Are the Bondholders?

Vancouver Sun

Canada is now witnessing an old, familiar campaign against the "money power" and the "bond holders." Let us stop paying tribute to the usurers, say the new axis partners, Messrs. Hepburn and Aberhart.

Who are the bond-holders and usurers? The principal bond holders and usurers are the four million Canadians who hold life insurance policies to protect the welfare of their families.

Mr. Hepburn's programme is a quick way to unload debt. It is an easy way out for people who owe large sums. It is a sure way to benefit large speculators who would buy up commodities and sell them at increased prices after the inflation. It is a sure way to destroy the whole savings of the Canadian family.

* * *

What Churchill Meant

Ottawa Journal

At Glasgow last Friday Prime Minister Churchill said:

> "We don't require in 1941 large armies from overseas. What we do require are weapons, ships and airplanes."

For Canada, what does this mean?

Obviously, that advanced trainer planes for Canada's Commonwealth Air Training Plan should come from Canada's aircraft factories.

Britain, clearly, cannot send us these planes; shouldn't be asked to send them.

If, on the other hand, we leave ourselves in the position where we are compelled to buy planes in the United States we shall simply be taking them from Britain. Taking planes that Britain needs vitally.

The Commonwealth Air Training Plan was to have been Canada's main war contribution. Mr. King once said it might be a "decisive" contribution. Thus far the Plan is ahead of schedule; has been a proud achievement. Unfortunately, the whole project is now threatened with defeat—with partial defeat, at any rate—because of Canada's failure in aircraft production. There is no sense in mincing words about it.

Who or what is to blame for this failure—a pitiful incapacity to produce advanced trainer planes in anything like substantial quantities—The Journal does not know precisely. What appears as a broad fact is that Federal Aircraft (an organization set up by the Government to coordinate the production of aircraft factories) has fallen down on its job. If information that has come to us be correct—and we think it is correct—the Government ought to scrap Federal Aircraft. Scrap it immediately.

* * *

Sayings of the Week

"An ocean without a fleet is not a defense but a broad highway for invasion."—*W. C. Bullitt.*

* * *

"There is one way to insult an Englishman: ask him if he thinks Britain can win."—*Ralph Ingersoll.*

* * *

"We are creating the weapons and the organization needed to discourage would-be assailants."—*Cordell Hull.*

* * *

"Winston Churchill will go down to history as a leader of the calibre of Pitt."—*Lord Queensborough.*

* * *

"If Britain had come to the aid of China, there would be no Battle of Britain today."—*Sir Norman Angell.*

* * *

"Death and ruin have become small things compared with the shame and defeat or failure in duty." — *Winston Churchill.*

* * *

"We must, for our own preservation, try to see to it that Great Britain is not defeated."—*William C. Bullitt, former U. S. ambassador to France.*

* * *

"When a person is born only under the most favorable conditions can the gravitational attraction of the planet Mars equal that produced by the doctor in charge of the delivery."—*Bert Jan Bok, Harvard astronomer.*

* * *

"For all I care about this desert, you can have it! I myself am a poet."—*General Francesco Argentino, captured Italian commander of Sidi Barrani.*

* * *

"The only hope of survival for the civilization that we cherish lies in a speedy federal union of the free democratic peoples of the world."—*Professor Watson Kirkconnell.*

* * *

"I am told that the humble tomato contains exactly the same kind of vitamins as the lordly orange that comes from the groves of Florida."—*Hon. R. B. Hanson.*

* * *

"Deep in the human breast there is a longing for possession, for something we can call our own, for advancement, for success. If we take this away the world's work is not done." — *Senator Meighen.*

* * *

"The Rowell-Sirois Report will go down in history as one of the greatest, if not the greatest, pieces of statecraft that has so far been achieved by Canadians."—*Hon. S. S. Garson, Provincial Treasurer of Manitoba.*

* * *

"Should the British capitulate, America will and must become the greatest militaristic nation in the world for the protection of the Western Hemisphere and everything within 2,000 miles of its shore in any direction. This will not cost ten to twenty billions of dollars, but will cost one hundred to one hundred and fifty billions of dollars within the next ten years." — *Captain Edward V. Rickenbacker.*

* * *

Stop Me If . . . .

Sandy was all smiles when he returned home.

"What's the news?" asked his wife, puzzled.

"Wonderful, lassie," said the Scotsman. "I've just heard that next week they are going to put the local paper up to two pennies."

"Oh, mon, have ye gone daft?" asked his wife. "Why, there's nothing to rejoice about in that."

"Oh, yes, there is," Sandy went on. "Ye ken that when I used to go to the free library to look through it, I used to save a penny; now I shall save two pennies."

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Week in Business

Larger Market Seen For Raw Materials

Canada Likely to Supply Larger Quantities to United States for Munitions Production — Farm Revolt May Have Wide Ramifications

Speeding of munitions production in the United States for Washington's rearmament programme, as well as the plans to give greater aid to Britain under the lease-lend bill, appears likely to stimulate output of certain raw materials in Canada.

Nickel and asbestos are two products for which a larger demand seems likely to result. Owing to its proximity to the United States, Canada is the logical source of supply for various other raw materials of which American supplies may not be sufficient. Increased sales of either raw or finished goods to the United States would have the double effect of strengthening the Canadian industries concerned, as well as our foreign exchange position.

In some quarters it is thought this may improve considerably from this time forward. While Canada's exports to the United States will probably increase in the coming months, her imports from there of war materials may decline under the lease-lend plan.

• • •

Increased activity in war industries in which Canada has already shown its capacity is expected to result from recent discussions between British and Canadian authorities.

Plans to form a priorities board to step up output of the things Britain needs most, and to co-ordinate Canadian effort with the United States programme, should tend to greater efficiency in production of war materials. Lack of co-ordination in Canada's war efforts has been one of the weaknesses of the whole war industry set-up.

• • •

Meanwhile the farm movement in Canada has become more vocal, representatives of the Canadian Federation of Agriculture having presented their arguments for stabilization of farm prices on more satisfactory levels to the Dominion Government. Some see it as the beginning of a movement like that which developed near the end of the last war, making the farm community for some years an active force in both business and politics.

• • •

Retail trade continues quiet, as usual at this time of year, although the seasonal dullness is accentuated somewhat by the money being diverted to pay income taxes. Merchants look for active business later, provided there are no further restrictions on imports or production, and the burden of taxation does not become so heavy as to stifle purchasing power. In some quarters there is a fear that further taxes and restrictions will curtail trade and activity and reduce the taxable income of many business concerns.

Business Indicators

Current business quieter than in recent weeks but well above last year's level.

Railways—carloadings and earnings for third week of January higher than year ago, with totals for three weeks showing good increases.

Automobile financing shows increases for both new and used cars in December. Totals for 1940 up approximately 20% in each case.

Sea fisheries—catch and landed value show gain in both monthly and yearly comparisons.

Bank debits in 1940 up 9% over 1939.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus▪.

TREND OF BUSINESS—	Jan. 18	Jan. 11	Jan. 4	Dec. 28	Jan. 20/40
Weekly index of business, D.B.S.	107.7	107.8	107.7	107.3	103.9
Commodity prices index no.	84.6	84.3	84.3	84.2	82.4
	Dec.	Nov.	Oct.	Sept.	Year Ago
The Financial Post business index	*150.1	153.4	151.7	147.4	129.0
Retail sales index no.	....	95.7	93.9	90.9	83.7
Dept. stores sales index no.	101.1	98.1	92.3	89.2	89.0
Wholesale sales index no.	....	122.6	133.8	124.2	107.8
Country store (% change pr. yr.)	....	+15.4	+3.6	—10.7	—2.1
EMPLOYMENT INDEX Nos., D.B.S.	Dec. 1	Nov. 1	Oct. 1	Sept. 1	Year Ago
All industries	139.1	139.2	136.2	131.6	122.7
Manufacturing	144.7	144.6	143.8	138.4	122.2
Wage earners, no. 000's	....	....	2,867	2,805	2,545
▪Living costs weekly budget	$18.22	$18.14	$17.87	$17.82	$17.77
			Jan. 1 to date		%
RAILWAYS	1940-41	1939-40	1940-41	1939-40	Change
▪Carloadings (week Jan. 18)	51,324	49,416	146,163	134,849	+8.4
▪C.N.R. gross (week Jan. 21) $	4,680,551	3,813,320	13,898,177	11,174,665	+24.3
▪C.P.R. gross (week Jan. 21) $	3,276,000	2,556,000	9,721,000	7,627,000	+27.4
C.N.R. net revenue (Nov.) $	5,524,224	4,974,604	38,733,861	17,080,805	+126.7
C.P.R. net revenue ((Nov.) $	5,072,617	5,592,275	30,833,231	24,141,850	+27.7
IRON AND STEEL—Nov.—					
Pig iron production (tons)	109,576	87,822	1,058,417	661,562	+60.0
Steel ingots and castings prod. .... (tons)	176,113	147,182	1,825,752	1,234,765	+48.0
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Nov.)	7,622	7,613	92,992	82,250	+13.1
Factory output .. (Dec.)	11,653	11,491	110,126	108,806	+1.2
Trucks and Buses:					
Domestic sales* .. (Nov.)	1,525	1,601	27,005	22,653	+19.2
Factory output .. (Dec.)	11,711	5,487	112,858	46,510	+142.7
Financing:					
▪Used .... (Dec.) $	2,615,650	2,190,844	41,651,440	34,916,119	+19.3
▪New .... (Dec.) $	2,850,676	2,110,283	33,616,879	27,852,627	+20.7
CONSTRUCTION—					
Contracts awarded . (Dec.) $	16,918,300	9,429,200	346,009,800	187,178,500	+84.8
Cement prod., bbls. (Sept.)	909,000	852,000	5,528,804	4,424,691	+24.9
AGRICULTURE—					
Flour prod., bbls. .. (Nov.)	1,588,428	1,960,429	15,178,883	15,287,008	—0.7
Flour exp., bbls. ... (Nov.)	662,718	572,810	6,625,291	4,439,458	+49.2
Wheat exp., bush. .. (Nov.)	17,278,000	20,635,000	127,407,700	128,491,939	—0.8
Cattle sales▴ .... (Dec.)	86,728	72,143	1.149,255	1,081,976	+6.3
Hog sales▴ .... (Dec.)	785,335	432,805	5,590,366	3,701,061	+51.0
SEA FISHERIES—‡					
▪Catch cwts. .... (Dec.)	511,900	451,300	10,860,550	9,585,150	+13.3
▪Landed value ...... (Dec.)	1,006,900	757,300	17,850,700	16,641,350	+7.2
NEWSPRINT—					
Production, tons ... (Dec.)	252,897	240,656	3,418,803	2,869,266	+19.1
Exports, tons ...... (Nov.)	276,586	253,997	2,979,336	2,403,432	+23.9
MINING AND OILS—					
Coal prod., tons ... (Nov.)	1,822,563	1,740,879	15,787,856	14,206,872	+11.1
Coal imports, tons .. (Nov.)	1,479,922	1,947,631	16,723,995	12,726,947	+31.3
Gold prod., fine oz. (Oct.)	467,441	433,086	4,402,782	4,234,846	+3.9
Crude oil prod., bbl. (Sept.)	841,752	720,866	6.268,565	5,787,117	+8.3
Crude oil imp., bbl. (Nov.)	4,800,084	4,117,100	40,203,054	35,517,600	+13.2
ELECTRIC POWER OUTPUT—(November)—					
Total monthly, 1,000 kw.h.'s	2,524,860	2,601,536	27,495,907	25,815,272	+6.5
FOREIGN TRADE—♦					
Imports .... (Nov.)	102,283,687	84,561,211	979,648,243	678,946,196	+44.2
Exports .... (Nov.)	118,404,151	98,490,366	1,094,506,932	833,948,985	+31.2
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ...... (Dec.)	190,249	150,312	2,451,638	2,113,206	+16.0
Shoes, prod., pr. ... (Nov.)	2,230,387	2,623,356	24,216,363	23,230,257	+4.2
Cotton consump., lb. (Dec.)	16,182,308	13,922,497	191,295,405	128,762,233	+48.5
Raw rubber imp., lb. (Nov.)	11,311,687	3,363,319	97,452,005	63,994,328	+52.3
Cigarette cons. No.† (Dec.)	574,837	512,380	7,571,841	7,126,192	+6.2
Sugar manufactured .. lb.§	164,005,409	190,390,511	1,050,570,832	999,510,880	+5.1
FINANCE—					
Bank debits† ...... (Dec.) $	3,208,348	3,056,867	34,437,475	31,617,352	+8.9
Bond sales† .... (Dec.)	326,704	72,719	2,277,999	1,441,751	+58.1
Life insurance sales (Dec.) $	33,727,000	34,759,000	365,217,000	368,726,000	—0.9

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. §For four weeks to Nov. 30, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Preliminary.
▴Total at yards and plants.
New items for week marked ▪

U. S. Hog Buying Hits Bacon Pact

Canadian Hog Prices Already Above Bacon Deal Level

From Our Own Correspondent

OTTAWA.—A new factor has entered the already disturbed Canadian bacon situation—hog exports to the United States. Substantial shipments are already reported from Alberta and eastern farmers are said to be preparing to export to Buffalo and Chicago. High American hog prices, of course, is the reason for this new development which completely reverses the situation of a year ago. Then better prices in Canada, as a result of the 1939-40 bacon agreement with Great Britain, attracted a big volume of American pork to Canada, a movement which was only stopped by the imposition of a virtual embargo.

Fear Switch to States

Hog prices in the United States have moved up from little over $5 per cwt. a year ago to over $8 at present. There is a substantial duty on these animals entering the U. S., but this is offset almost entirely by the 10% premium on American funds. To meet the competition of American hog buyers, Canadian packers have been forced to bid domestic prices up to a point beyond that justified by the present British bacon deal, The Financial Post is informed. So far prices are not far out of line but Ottawa officials are distinctly worried over the possibility of serious diversion of Canadian hogs to the United States.

Approximately 70,000 live hogs are needed weekly to maintain our promised bacon supply to Great Britain. This constitutes a major outlet for Canadian farmers in Great Britain, and Ottawa is determined no matter how high American hog prices may go that the British bacon quota must be filled.

To Hold U. K. Quota

The Dominion Government could, of course, solve the whole matter very quickly by placing an embargo on Canadian hog shipments to the United States. But this, it is feared, would mean a farm rebellion and after its experience with butter and with the present agricultural delegation on its hands. Ottawa is not going to ask for further farm trouble.

A more likely course will be to advise Canadian packers to continue competing with American prices to secure sufficient Canadian hogs to fill the bacon quota and any losses incurred will be made good by a Government subsidy.

Another possibility is a higher bacon price from Great Britain. Details of the recent bacon deal have never been made public but recently at a western farm meeting Hon. J. G. Gardiner, Dominion Minister of Agriculture and negotiator of the agreements with the Mother Country, is reported to have stated that there is an escalator clause in the bacon deal which provides for a higher British price in the advent of American competition.

1940 Farm Output Above Year Before

Gain in Animal Products Offsets Drop — Field Crop Drop

Gross value of all commodities produced on Canadian farms in 1940 is estimated by the Dominion Bureau of Statistics at $1,243,345,000 compared with $1,222,915,000 in 1939.

Gains in the value of live stock, dairy and poultry production totalling $65.8 millions more than offset a decline in the value of crop production amounting to $34.6 millions. Greater production and higher prices for livestock and animal products brought about the increase. Although total production of grain crops was higher, a decline in prices offset the gain in volume. Tobacco production was lowered through frost damage and the value of the 1940 crop is estimated to be about $9 millions less than that of the 1939 crop

Details are as follows:

	1940 $	1939 $
Field crops	651,223,000	685,839,000
Farm animals	212,000,000	170,837,000
Wool	2,635,000	1,797,000
Dairy prod.	235,000,000	217,716,000
Fruits & vegt.	52,000,000	55,911,000
Poultry & eggs	62,000,000	55,483,000
Fur farming	6,700,000	5,790,000
Maple products ...	4,209,000	3,444,000
Tobacco	10,386,000	19,444,000
Flax fibre	2,008,000	1,249,000
Clover & gr. seed ..	8,500,000	2,681,000
Honey & wax	2,679,000	2,724,000

Use of Cotton Up Nearly 50%

Textile Industry Opens 382,924 500-lb. Bales in Past Year

From Our Own Correspondent

MONTREAL. — Consumption of cotton in Canadian textile mills in 1940 increased 49% over the preceding year to 382,924 500-lb. gross bales, according to the Cotton Institute of Canada.

In December number of 500-lb. gross bales opened totalled 32,665, compared with 27,752 in December of the previous year. This was a gain of 4,913 bales, or 18%.

Index of activity, adjusted for seasonal variations, stood at 199.1 in December, compared with 171.3 in Dec., 1939.

Following are comparative figures on bales of cotton opened in 1940 and 1939.

Cotton Consumption

	500 lb. Gross bales 1940	1939
January	27,266	14,412
February	35,740	15,296
March	31,996	18,681
April	31,484	15,956
May	35,379	18,606
June	30,645	21,299
July	30,183	29,289
August	32,468	24,406
September	28,727	22,665
October	33,555	26,014
November	32,816	31,870
December	32,665	27,732
Total	382,924	257,246

GIANT PRESSES AID WAR PRODUCTION

Two of the largest metal stamping presses ever installed in Canada have recently been put into operation at General Motors of Canada's main plant at Oshawa, Ont. Capable of a downward pressure of 1,500 tons, they are being used for stamping and punching 16-inch and 20-inch steel wheel units for army trucks, the larger of which previously had to be imported.

Keeping Posted . . .

By J. C. KIRKWOOD

A British friend of mine, in a letter to me, says: "London seems stiff with Canadians, and aren't they a bunch of fine boys! I got into conversation with one of them, and he was cursing the British War Office for not getting busy after Jerry. He had come all the way across the Atlantic to knock hell out of the Germans, and except for about 14 days in France in the spring, he hadn't been near them. He was a real tough guy, and Heaven help the first German he comes up against. All he wanted was the chance of tackling the Germans at close quarters."

JOHN C. KIRKWOOD

• • •

Dangerous Peace Bait

Two well-known authors are contributors to the current issue of Maclean's Magazine—John MacCormac, whose book, "Canada, America's Problem," was a best-seller; and Douglas Reed, author of "Insanity Fair" and "Disgrace Abounding." Mr. MacCormac analyzes the significance of President Roosevelt's aid-for-Britain programme, and has, of course, something to say of "U. S. A. appeasers and others of more dubious antecedents who walk with them to cry peace." He names a dozen or so of the appeasers, among them being Joe Kennedy; General Wood, of the Sears-Roebuck Co.; Jay Hormel, the Minnesota meat packer; and Colonel Lindbergh, "strange son of a Canadian mother." "This colossus of democracy," says Mr. MacCormac, "suffers from a malady that has afflicted other giants—its reflexes are slow."

Douglas Reed, once a pessimist, has become an optimist in regard to Britain's prospects in her fateful war. The title of his article is "The Turning Point." He says, in italics, "The fact is that the Italians realize much more clearly than most people in the British Empire that the failure to invade Britain means defeat, sooner or later inexorable defeat, for Germany—and therefore for Italy." Regarding a possible peace offer from Hitler Mr. Reed says: "In my opinion a peace offer is still most dangerous for Britain and the British Empire. If it succeeded it would be another Munich. It would end the hopes of peace in our time. It is the one thing that need still be feared, because those deluded or traitorous people who miscall themselves 'appeasers' still exist."

• • •

Changed Shopping Habits

A check-up on the license plates of cars parked at Front St., Toronto, one morning, showed that they were on an average 4½ miles from home. A similar check-up on parked cars in a north end neighborhood showed that they were from all parts of the city. Speaking of this modern development—this practice of people doing their buying far from their homes, E. L. Taylor sales manager, E. L. Ruddy Co., Toronto, said in an address to the Toronto branch of the Toilet Goods Manufacturers Association, that a survey showed that in Hamilton one third of the cars seen on an average day are from out of town. In Guelph, Belleville, Markdale and other Ontario centres, surveys show that about 45% of the cars seen are from out of town. In the last 12 years no new department stores have been established in downtown Detroit, whereas 144 major retail establishments had located in outlying districts. In merchandising all this means that the retailer has not only the local market, but also those out-of-towners who are forever going to town for various reasons and who will shop at attractive stores. Tamblyn, Rexall and I.D.A. stores locate principally on streets where the traffic flow is heaviest, as do also the food chains. Gas stations will not put a station a block, or even half a block, off a main thoroughfare. People will not cross the road if they can get what they want on the same side of the street as they happen to be on.

A good report of Mr. Taylor's most interesting talk on new merchandising trends and practices appears in the January 15 issue of Drug Merchandising.

• • •

Kingston History

This is Queen's University centenary year. One year after her marriage Queen Victoria granted a charter authorizing the establishment at Kingston of a "Queen's College." The origin of the site of the Royal Military College is an interesting tale. The Admiralty in London had voted money for the building of a new frigate at Kingston, but when the orders to go ahead were received, there was no longer need for the frigate—the war of 1812 having been concluded. So the money was used to build a barracks, and they were designed architecturally to follow as closely as possible the pattern of a frigate, complete with a quarter deck and with hammocks slung in the sleeping quarters. The building was named "H.M.S. Stone Frigate!" Years later the Royal Military College was established on this old dockyard site.

The story of Kingston is told comprehensively in the February 1 issue of Maclean's Magazine, by Frederick Edwards. Here's the way Mr. Edwards ends his story: "If the shades of Frontenac and Montcalm, of Colonel John Bradstreet and Captain Michael Grass, are haunting their ancient and familiar ways, they will perceive that throughout almost 270 years of stirring events, the essence of their former habitation has not really changed. Only the uniforms and the weapons are different. Kingston remains a place where warriors congregate whenever war clouds appear."

The Bell Telephone Company of Canada

CAPITAL STOCK

These shares now offered form part of the securities formerly held by residents of the United Kingdom, later vested in the British Government, and now offered for sale in Canada.

The proceeds from the sale of these shares will be used in Canada by Britain for the purchase of war material.

Price: $158.50 per share net; yield 5.05%

Present Annual Dividend $8.00 per share

Descriptive circular gladly furnished upon request.

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Adjust Wages As Costs Rise

Coal Miners Pay Rises With Higher Cost of Living

From Our Own Correspondent

OTTAWA. — Payment of an 18 cents a day cost-of-living bonus to coal miners in Alberta and B. C. for the first four months of this year has been announced. It is the first under an agreement made last spring between mine operators and the United Mine Workers of America.

This way of adjusting wages to higher living costs, without starting an inflationary spiral, is now effective in three western provinces. Previously payments have been made in the Estevan field in Saskatchewan, where bonuses have been paid for over a year.

Based on Cost of Living

The agreements all provide for uniform wage bonuses to all workers, based on the actual rise in living costs. The Alberta-B. C. agreement stipulated that bonuses were not to be paid until the cost of necessities rose 5% or more over March, 1938.

The newly announced bonus results from the third direct survey of living costs by a special commission. Previous surveys found that costs at March 31, 1940, and Aug. 1, 1940, had risen only 3.9% and 4.6% respectively; no bonus was payable. The latest check, on costs at the beginning of December, found the increase was 5%.

Bonuses averaging 15-20 cents a day have been paid since Dec., 1939, to at least one group of workers at Estevan.

These agreements all predate the Dominion Government's declaration of wartime labor policy last June, which endorsed bonus payments as a means to adjust wages to wartime conditions. So far the Government pronouncement has been reflected chiefly in payment of lump sum bonuses at the end of the year.

The western scheme offsets the actual rise in the cost of living by regular additions to wages. At the same time it brakes inflation by barring arbitrary increases in pay on a percentage basis or through advances in wage rates.

STANDARD STEEL SHARES RETIRED

From Our Own Correspondent

MONTREAL. — Montreal Curb Market announces the class A preference stock of Standard Steel Construction Co. has been removed from trading because of redemption of the entire issue.

T. C. A. Reports Record Year

53,180 Passengers Carried in 1940, Against 21,596 Last Year

From Our Own Correspondent

MONTREAL. — Trans-Canada Air Lines reports passengers carried during 1940 totalled 53,180, compared with 21,596 in 1939.

Mails carried during the year amounted to 788,383 lb., against 451,631 lb. in 1939.

Air express carried increased to 105,788 lb. from 49,899 lb. in 1939.

Because of adverse weather conditions air passengers in December declined from 4,271 from 4,740 in November. In December, 1939, the Line reported 2,856 passengers carried.

Mail carried in December reached a record peak of 96,000 lb., while air express was down to 9.448 lb., compared with 10,387 lb. in November, and 6,472 lb. in Dec., 1939.

Weekly Rail Earnings Record Sharp Gains

From Our Own Correspondent

MONTREAL. — Canadian Pacific Railway Co. reports gross traffic earnings of $3.3 millions in the week ended Jan 21, an increase of $720,000, or 28.2% over the same week last year.

Cumulative gross earnings in the year to Jan. 21 totalled $9.7 millions, an increase of $2.1 millions, or 27.5% over the corresponding period last year.

Gross earnings of $4.7 millions are reported by Canadian National Railways in the week ended Jan. 21, an increase of $867,231, or 22.7% over the same week last year.

In the year to Jan. 21 gross earnings totalled $13.9 millions, an increase of $2.7 millions, or 24.3% over the corresponding period last year.

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Facts that tell of Service to Policyholders and the Nation

"If I had my way, I would write the word 'Insure' over the door of every cottage and upon the blotting book of every public man."

—Rt. Hon. Winston Churchill

It is significant that three-quarters of all the life insurance in the world is owned by the liberty-loving peoples of the English-speaking democracies.

Canadians purchased $100,022,000 new insurance (net) from London Life representatives last year — an increase of $12,000,000 over 1939.

The total life insurance in force is now $698,098,000 (after deducting annuity contracts and re-insurance). This is an increase of $54,782,000 for the year — the greatest gain in ten years.

The assets amount to $143,814,000 — an increase of $8,843,700 for the year. For the protection of policyholders, the Company holds $14,981,000 in Unassigned Surplus and Reserves beyond legal requirements and $3,500,000 in Specific Investment Reserves.

Dividends to policyholders will be continued throughout 1941 on the present liberal scale. The funds to pay these dividends were set up in 1940, and are in addition to the above-mentioned surplus funds.

London Life traditions of growth, security and low cost of insurance to policyholders were fully maintained during the year 1940.

The London Life Insurance Company

Head Office: London, Canada

Life Insurance

Average Life Policy Is Slightly Higher

Survey for American Life Convention Shows More Insurance Bought by Defense Forces — Effect of War Seen in Metal Trades

The average life insurance policy applied for by 10,000 persons in the United States and Canada in December, 1940, was $2,270 compared with $2,257 in December, 1939. The figures have been computed by the American Service Bureau from reports supplied by the life insurance companies in Canada and the United States which are members of the American Life Convention. The total amount of insurance applied for by the 10,000 persons included in the survey was $22.7 millions compared with $22 millions in December, 1939. As the total volume of life insurance written in Canada in December was slightly under that of 1939 the increase in the total would appear to have been due to buyers in the United States.

Excluding children under the age of 18, 52% of the balance of the 10,000 applicants were new buyers of insurance, the same proportion as a year ago.

Three times as many persons engaged in military and naval service applied for life insurance as in December, 1939. In Canada the desire to make sure of insurance protection for the postwar period was a factor with men and women in the armed forces.

The effect of war activity in the manufacturing and mechanical industries giving employment to many people was noticeable, this group showing the largest increase in number of buyers since the summer of 1937. Applications from foremen, clerks, inspectors and factory workers in the machinery, metals and metal products group show the effect of improved employment conditions.

One of every four applications was for a policy of $5,000 or more, a higher ratio than shown in any survey for several years past. The number of buyers in cotton grain and other commodity brokerage circles was higher than the year before and the average amount of insurance applied for was larger. A larger number of teachers also were buying insurance but the average size of the policy was smaller.

While fewer farmers and farm laborers bought insurance those who were buying were taking slightly larger policies.

The following table shows results among a number of the more common occupations.

	No. of Apps. Dec. 1940	1939	Average Sought 1940	1939	New Buyers 1940	1939
Agriculture	1,125	1,378	1,974	1,821	765	979
Auto. sales service	494	544	2,246	2,160	247	249
Banking	69	82	4,500	3,902	15	18
Brokers Commodity	23	14	3,565	3,143	8	4
Insurance	191	216	4,699	3,861	37	61
Barbers and beauty parlors	63	72	1,420	1,715	37	43
Laundries	69	61	2,159	2,181	25	21
Restaurants	162	174	1,772	1,899	100	109
Civic and gov't employees	96	109	2,776	2,339	50	47
Firemen and police	37	33	2,324	2,091	16	11
Defence forces	435	156	1,679	1,696	315	105
Social workers	116	91	1,931	1,808	70	59
Carpenters	71	61	1,585	1,590	44	38
Wood products	97	107	2,784	1,762	52	61
Machinery and metals	573	437	2,820	2,646	200	152
Printing employees	100	131	1,675	1,775	40	49
Oil production and refin.	124	150	4,363	5,563	49	55
Mining, etc.	105	95	1,986	1,653	71	56
Children under seven years	611	578	1,163	1,138	—	—
Housewives, urban	418	352	1,406	1,724	300	249
Accountants	55	41	2,255	2,732	23	18
Advertising, etc.	71	53	2,944	2,821	28	15
Clergy	22	30	1,977	2,967	9	11
Nurses	84	97	1,744	1,665	45	56
Doctors	82	77	6,152	5,792	15	12
Teachers	291	277	1,983	2,079	167	150
Automotive transport	192	178	1,992	1,736	101	104
Railway transport	105	143	2,167	1,808	42	41
Trade	1,475	1,514	2,567	2,638	651	680

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Total Assets ..... $429,679,150 ($5 to £1)
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. . . here at Gray Rocks—in the Laurentians where skiing starts earlier, lasts longer, where the snow is deeper and the air brisker. 125 miles of trails. Jump. Ski tow. And the famous Snow Eagle Ski School. Do as thousands do annually — enjoy winter in the Mt. Tremblant sector of the Quebec Laurentians All other winter sports. Restricted clientele.
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Insurance Notes

Although the head office premises of the Phoenix Assurance Co. in London, England, were seriously damaged recently in Nazi air raids, the company has since subscribed $750,000 of the new 3% National Savings Bonds of the United Kingdom, in addition to already substantial contributions to the finances of the country.

* * *

The Industrial Accident Prevention Associations of Ontario are circularizing employers and employees urging them to make "production with safety" their watchword for the new year. Production with safety, the notice states, depends to a large extent on the manner in which operations are performed, and on the use of machinery guards designed for specific operations. Lack of guard adjustments as well as failure to observe safe work practices has already, in the first few days of 1941, resulted in permanent disability claims being filed with the Workmen's Compensation Board, it is stated.

* * *

In a special war emergency bulletin, the Ontario Fire Marshal draws attention to the need for more fire prevention work and better fire prevention measures in Ontario industry.

In the 15 war months from Oct. 1, 1939, to Dec., 1940, industries in Ontario have suffered a total fire loss of $1.3 million of which $1.2 million was covered by insurance. In the calendar year 1940, industries suffered a total fire loss of $1.2 million of which $1.1 million was insured. These figures show increases of 39% and 43% respectively over 1939. With the exception of one fire occurring in December which is still being investigated, there is no evidence of sabotage in any industrial fires in Ontario, the Fire Marshal states. In certain instances, however, insufficient patrols and poor fire inspections are blamed. It is to improve conditions in these regards that the Fire Marshal is making his appeal.

* * *

Under a new ruling by the provincial superintendent of insurance for all provinces except Quebec, any deductible clause in an automobile insurance policy will not apply to an insured radio in the automobile.

By deductible clause is meant the provision often inserted in automobile collision insurance contracts that the company will not be liable for damage to the car under a stated amount, say $50 or $100.

The radio is insured separately by an endorsement on the policy for an additional stated premium. Accordingly it is felt it should not be affected by the clause under which the company is relieved of liability for damage to the car under a certain amount. If a deductible clause is wanted on the radio, it should be included in the endorsement.

Obituaries

W. H. Sullivan, former assistant engineer in charge of the Welland ship canal, aged 60, at St. Catharines, Ont.

H. C. Skinner, Manitoba manager of Norris Patterson Ltd. Advertising Agency of Toronto, aged 55 at Winnipeg.

Robert Bruce Scott of Bruce Scott Ltd., insurance brokers, Toronto, aged 63, at Toronto.

HOWEVER YOU TRAVEL . . . CARRY YOUR MONEY SAFELY
Canadian Pacific Express TRAVELLERS CHEQUES

Casualty Insurance

Damage Claims More Frequent

Demand for Public Liability Insurance Shows Increase

With the pace of business steadily accelerating under the pressure of war, insurance men report an increasing demand for public liability insurance. Merchants, manufacturers and owners of apartment houses and office buildings are finding it desirable to buy protection of this kind.

The public, it is stated, is becoming more claim conscious. That is the average individual who sustains any injury from tripping over a rug in a store or coming out of an elevator in an office building or from some other similar cause is more inclined to make a claim for damages than he was formerly.

One reason is that people who formerly were unemployed and are now receiving a good weekly wage feel they have more to lose if they are away from work.

Protection Given

Public liability insurance is the class of insurance which gives a person protection against claims for bodily injury brought against him by anybody other than his employees. Injuries to his employees are usually taken care of by Workmen's Compensation.

But there are thousands of others not employees who may visit the store or the factory or use some of the manufacturer's products each day. Any of these are liable to bring a claim for damages if they sustain any injury for which they may hold the property owner or manufacturer liable.

The ordinary public liability policy contains three main features. It provides:

Indemnity, in case of legal claims by paying the loss incurred up to the limit provided in the contract.

Service, by investigating all accidents and attempting to effect settlements.

Payment of legal charges and all ordinary costs involved in investigation of an accident and defense of a claim.

Classes Liable

Some classes of people to whom liability insurance is being sold include:

1. Contractors — At a time like this when many buildings are under construction, individuals are apt to walk where building operations are proceeding. If they step on a nail or something falls on them, a claim for damages may result.

2. Apartment house owners, store keepers or theatre owners etc.—A customer or tenant may slip on a banana skin, trip over a rug, or fall down on a polished stairway. Under this class also come municipalities which often get claims for alleged defects in sidewalks etc.

3. Owners of buildings in which there is an elevator—Operation of an elevator entails liability to the public. Somebody may stumble if the elevator operator does not bring his car to a stop right on a level with the floor. Or somebody may get their hand caught when the door is being closed. Elevator insurance not only gives protection against claims which might be brought in such cases, it also provides for inspection of the elevator machinery which may prevent serious trouble.

Tooth Broken

4. Manufacturers and restaurant keepers—One case coming to notice is that of a lady who, bitting hard on what she thought was a stuffed olive, encountered the hardstone which had not been removed. She broke a tooth and promptly made a claim for damages for her dentist's bill, shock and injury to her appearance.

5. Professional men like dentists, however, also get claims for damages. Cases have occurred in which dentists have pulled the wrong tooth or pulled more than the patient wanted extracted. The result has been a claim for damages.

Such claims, however, can be sustained only when the law imposes liability on the party at fault. Sometimes, however, the legal costs in proving there was no liability at law are considerable. This readiness to assume the legal charges is one of the more valuable features of this type of policy.

Life Underwriters Elect Officers

At the annual meeting of the Life Underwriters Association of Canada, at Toronto, officers for 1941 were elected as follows:

H. O. WRIGHT, Monarch Life, Saskatoon, president.

Vice-Presidents:

F. W. HYNDMAN, Great West Life, Charlottetown, P.E.I.

C. P. NICKERSON, Metropolitan, New Glasgow, N.S.

JOHN MACKINNON, Canada Life, Saint John, N.B.

RAOUL GAUVIN, Industrial Life, Quebec City.

J. R. PELLETIER, Crown Life, Montreal.

F. R. BROOKS, London Life, Kingston, Ont.

A. J. BROWN, Metropolitan, Timmins, Ont.

W. D. HANNAH, Dominion Life, St. Catharines, Ont.

R. B. GAY, London Life, Winnipeg.

E. J. DUNFEE, Great West Life, Regina.

A. E. HARRIS, Mutual Life, Calgary.

C. B. MOONEY, North American Life, Victoria, B.C.

Other officers:

C. V. EARL, Sun Life, Toronto, chairman of the board.

M. L. McPHAIL, Imperial Life, Saint John, honorary president.

HARRY T. WRIGHT, president National Association of Life Underwriters, Chicago, honorary vice-president.

J. C. ROSS, Travelers, Toronto, honorary-treasurer.

G. H. DONALDSON, London Life, Toronto, honorary secretary.

Life Insurance Problems

Standard Life

Please tell me something about the Standard Life Assurance Co. of Edinburgh. What is the position of a Canadian policyholder of this company since the war? Does the foreign exchange situation interfere in any way with the protection that Canadian policyholders have enjoyed in the past?

The Standard Life of Edinburgh, as you no doubt know, is one of the soundest of British companies. The war has made no difference in the position of Canadian policyholders. Apart altogether from their resources at their head offices in Great Britain or elsewhere the Dominion Government requires all British and foreign companies to maintain in Canada assets on deposit with the Receiver-General at least equal to their liabilities to policyholders in Canada. These assets are held, except in a few cases, for the exclusive protection of Canadian policyholders, and are available if necessary for the reinsurance of the business with other companies. The margin of security is stated to be substantial. The foreign exchange situation makes no difference to the Canadian policyholder because this and similar companies usually operate in Canada much as if they were a Canadian company. Moreover Foreign Exchange control regulations generally provide for the carrying out of insurance contracts with no interference.

Disability Income

I carry all the life insurance I can afford, but none of the companies with which I have my insurance will sell disability insurance giving a monthly income in case I should become disabled. I understand there are some companies that sell this kind of insurance, but I don't want to cancel any of the policies I have, all of which were bought at a low premium rate. Is there any place else I could get this disability monthly income?

If you do not want to cancel your existing insurance, a procedure against which insurance men always advise, there are two avenues open to you.

One is to take on some more life insurance with one of the life companies that does write disability insurance with the monthly income clause. You would, of course, have to pay a higher premium rate than you paid for the insurance you already have as you are now older. But you would have the increased life insurance as well as the disability benefits.

The other plan would be to take out an accident and sickness policy which will give you this cover. There are casualty companies in Canada writing accident sickness insurance contracts which if you become disabled will pay you a monthly income as long as you live.

Tudhope Heads Russell Indust.

Two new directors, a new president and vice-president, as well as changes in officers of operating subsidiaries are announced by Russell Industries Ltd. The new president fills the vacancy caused by the recent death of T. A. Russell.

H. R. TUDHOPE, Toronto, president of A. E. Ames & Co. and vice-president and a director of Russell Industries, becomes president and vice-president of its two subsidiaries, Canadian Acme Screw & Gear and Canada Cycle & Motor.

GLYN OSLER, K.C., Toronto, elected director of all three companies.

J. A. RUSSELL, Toronto, elected director of Russell Industries and Canada Cycle & Motor.

CHESTER J. HARRIS, Toronto, becomes vice-president of Russell Industries and continues as vice-president of Canadian Acme. He is also a director of Russell Industries and Canada Cycle.

G. S. BRADEN, Toronto, formerly vice-president, becomes president and continues as general manager of Canada Cycle.

N. P. PETERSON, Toronto, formerly general manager of Canadian Acme, becomes president and continues as general manager.

Staff Changes

The **Bank of Montreal** announces the following staff changes:

W. H. BELL, to be manager, Drumbo, Ont.

S. C. ROBSON, to be manager, Port Hope, Ont.

W. A. SHIELDS, to be manager, Saskatoon.

E. JONES, to be assistant manager, Winnipeg.

M. HUNTER, to be manager, Regina.

C. G. DUNNING, to be superintendent, Alberta district with headquarters at Calgary.

W. McDONNELL, superintendent British Columbia district with headquarters at Vancouver.

R. D. SALMON, to be acting manager, Esquimalt.

* * *

The **Royal Bank of Canada** announces the following staff changes:

W. J. LAURIE, manager Bladworth, Sask., to be manager Macklin, Sask.

S. C. H. PILLING, to be manager, The Pas, Man.

J. J. CALLANAN, head office, to be accountant St. Catherine and McGill College, Montreal.

H. J. CLARKE, accountant Laurier Ave., Montreal, to be accountant Beaver Hall, Montreal.

E. O. LACROIX, accountant Park & Bernard, Montreal, to be accountant Place d'Armes, Montreal.

H. J. B. RICHARD, accountant Upper Town, Sherbrooke, Que., to be accountant, St Johns, Que.

C. C. KING, manager The Pas, Man., retires on pension.

J. C. CORMIER, accountant Lachine, Que., to be manager, St. Paul l'Ermite, Que.

R. L. JONES, manager Macklin, Sask., to be manager, Hanley, Sask.

W. C. WEAVER to be manager Merrickville, Ont.

J. A. WILTON, manager Hanley, Sask., to be manager, Wilkie, Sask.

W. E. SOULE, manager Merrickville, Ont., retires on pension.

G. H. AIKINS

J. S. DUNCAN

CANADA CEMENT DIRECTORS

J. S. Duncan, president and general manager of Massey-Harris Co., and G. H. Aikins, Winnipeg, K.C., were elected to the board of directors of Canada Cement Co. at the company's annual meeting. Mr. Aikins is president of the Manitoba Sugar Co., a director of Imperial Bank of Canada, The Great-West Life Insurance Co. and Canada Permanent Mortgage Corp.

Banking

Expansion of Currency Would Tax Depositors

Extra Note Circulation Coming Back to Chartered Banks as Deposits Would Add to Cost of Doing Business

Premier Hepburn's suggestion that the Dominion Government should finance at least part of its war expenditures by the issue of Bank of Canada notes has a precedent in recent years in a proposal by W. A. Tucker, M.P.

Mr. Tucker appeared before the Banking and Commerce Committee of the House of Commons in 1939 and suggested that the Bank of Canada should issue notes to the Government free of charge. The Government could then use this money to meet bond maturities or perhaps finance current expenditures. Financing the war was not then a problem.

Like Mr. Hepburn, Mr. Tucker compared the amount of money in circulation in Canada with that in the United States. The figures were $22 per capita in Canada and $42 in the United States. Ultimately he would have had the amount of note circulation in the country equal to the total amount of deposits in the banks.

In a prepared statement, Graham F. Towers, Governor of the Bank of Canada, stated that figures of per capita circulation in other countries were of little value, because they represented merely the amount of money the public wants to keep in its pockets or in its tills instead of in the bank.

Deposits in Banks

Accordingly, he stated, if more money is issued than the public wants, it comes back again to the chartered banks as deposits. This means that the banks have to keep larger cash reserves. Most of the deposits would be interest bearing. Unless the banks were able to loan this money out at interest in turn, they would lose money.

The effect on the banks' earnings would be the same as if they had been forced to buy non-interest bearing securities with depositors' money on which they were paying interest. Another result might be that the banks would be induced to make loans which they had formerly considered undesirable or which might cause inflation. It would be the duty of the Bank of Canada to prevent any inflationary tendencies. This could be done by selling government securities or raising the legal minimum cash ratio of cash reserves to deposits.

If the first course were followed the general effect would be the same as if the Government had originally sold securities to the public instead of taking notes from the Bank of Canada.

Less Money to Loan

If the legal minimum cash ratio were raised, it would reduce the amount of money the bank had available for loaning. Thus while they were paying interest on larger deposits, their earning assets would be unchanged, affecting their profits as indicated above. Mr. Towers stated that if note circulation were increased to 100% of deposits, bank earnings would be greatly reduced. Interest payments to depositors would probably have to be eliminated.

In any case it is evident that increases in circulation such as suggested, even if not up to 100% of deposits, would by reducing the earning capacity of the banks reduce their ability to pay dividends to shareholders and interest to depositors. In this way they would act as a tax on these two classes. Accordingly any saving the Government might make would be at the expense of the general public.

New Building

Reported by Engineering & Contract Record:

Allied War Supplies Ltd., Government-owned war company, plans to get work started shortly on construction of $10 millions munitions plant in Quebec province.

Ontario Dept. of Highways has awarded a number of contracts for grading and culverts on highway between Geraldton and Hearst, to be completed as final link in Trans-Canada Highway.

F. W. Woolworth & Co. has awarded general contract for $80,000 programme of alteration and extension for store in Victoria, B.C. Work will approximately double size of store.

Safeway Stores Ltd. has let contracts for six additional store projects in the Greater Vancouver area, to Dominion Construction Co. Cost is estimated at $136,000. This makes a total of 21 projects being handled by this contractor, at total cost of $450,000.

The WAWANESA Mutual Insurance Company
Assets Exceed ... $2,600,000.00
Surplus 1,330,363.89
Dominion Govt. Deposit exceeds 1,000,000.00
Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton
2,000 Agents Across Canada

Note Circulation Drops Further

With less money being required in retail trade during the January lull, the statement of the Bank of Canada for the week ended Jan. 22 shows a further drop of $3.2 millions in note circulation. Deposits of the chartered banks with the Bank of Canada were down a little, but deposits of the Dominion Government were up almost the same amount. The changes probably reflect some transaction between the banks and the Government. Other deposits, including those of foreign governments, were down $2 millions, possibly the result of war expenditures.

On the credit side the main change was a drop in the item all other assets which includes cheques payable to the Bank of Canada. Reserves of sterling and U. S. exchange were lower and total assets were down $5 millions.

Balance Sheet

	Jan. 22 1941 $	Jan. 15 1941 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	344,407,115	347,635,882
Rest fund	2,449,757	2,449,737
Depos.: Dominion.	26,455,697	19,475,364
Bank	214,954,307	222,063,874
Other	8,492,715	10,101,509
Total deposits	249,902,719	251,640,747
All other liabs	6,782,660	6,809,194
Total liabs.	608,542,251	613,535,580
Assets		
Reserve:		
In sterl. & U. S.	36,322,370	38,206,505
Subsidiary coin	729,113	727,264
Investments:		
Dom. gov. short	433,923,975	436,605,009
Other Dom. Gov.	131,527,696	129,038,430
Total invest	565,451,671	565,643,439
Premises	1,703,102	1,706,558
All other assets	4,335,995	7,251,814
	608,542,251	613,535,580

Weekly Bank Clearings

	Jan. 23 1941 $	Change Year Ago %	Jan. 16 1941 $
Halifax	2,984,299	+19.5	2,983,205
Saint John	2,183,305	+2.6	1,983,387
Moncton	761,033	—4.2	676,375
Sherbrooke	708,714	+12.4	762,360
Quebec	4,376,048	+6.0	4,693,475
Montreal	101,347,[illegible]	+38.5	94,740,069
Ottawa	31,923,457	+112.3	41,585,705
Kingston	600,953	+29.3	650,165
Peterborough	571,424	+8.7	564,835
Toronto	130,455,060	+57.0	130,538,115
Hamilton	5,833,081	—1.1	5,593,697
Kitchener	1,070,687	+16.3	1,077,646
Brantford	846,238	—2.5	858,271
London	2,523,461	+20.9	2,609,612
Chatham	532,662	+0.6	554,016
Windsor	3,261,355	+41.0	3,385,968
Sarnia	464,929	+11.3	380,822
Sudbury	775,116	—21.4	1,012,942
Fort William	895,263	+61.1	814,432
Winnipeg	35,185,277	+18.8	37,569,183
Brandon	320,157	+40.1	319,427
Regina	3,514,275	+16.3	3,506,162
Moose Jaw	610,795	+37.7	782,250
Saskatoon	1,241,748	+5.4	1,396,376
Prince Albert	389,204	+33.0	349,525
Edmonton	7,386,890	+116.2	4,310,112
Calgary	6,327,658	+30.9	5,511,329
Lethbridge	428,324	+7.9	513,150
Medicine Hat	253,178	+45.7	320,281
N. W'minster	670,444	—0.8	619,791
Vancouver	17,577,641	+11.3	17,311,281
Victoria	1,944,409	+20.8	1,806,977

REMEMBER THAT LAST SKID? DRIVE SAFELY
INSURE WITH
THE GENERAL ACCIDENT GROUP
357 BAY ST., TORONTO

United States Fidelity & Guaranty Company
TORONTO

FIRE INSURANCE WITH Dividends YEAR AFTER YEAR
Under the Northwestern Mutual plan annual savings returned to policyholders have reached the million-and-a-half mark. Since organization over $26,250,000 savings have been returned to policyholders.
NORTHWESTERN MUTUAL FIRE ASSOCIATION
ASSETS $8,970,000

Automobile and General Casualty Insurance
AGENCY INQUIRIES INVITED
LUMBERMENS MUTUAL Casualty Company
VANCE C. SMITH, Chief Agent
CONCOURSE BUILDING
TORONTO
Fire and Allied Lines Written in Associated Companies

Another SUCCESSFUL YEAR!
ASSETS NOW TOTAL $24,818,436
INCOME DURING 1940 WAS $4,129,047 — a gain over 1939
INSURANCE IN FORCE NOW TOTALS $116,414,086 — showing an excellent increase in a year of disturbed business conditions
BRANCHES FROM COAST TO COAST
PAYMENTS TO POLICYHOLDERS $2,150,977 — 74% of which was paid to living policyholders
The EXCELSIOR INSURANCE LIFE COMPANY
HEAD OFFICE — TORONTO
"A STRONG CANADIAN COMPANY"

ANNUAL REPORT
1940 ANOTHER YEAR OF OUTSTANDING SUCCESS
INSURANCE IN FORCE (Including Retirement Annuities) INCREASED DURING 1940 BY $3,166,228
THE COMPANY'S TOTAL BUSINESS IN FORCE NOW STANDS AT $188,368,428
PAYMENTS TO POLICYHOLDERS AND BENEFICIARIES $3,545,497
Over $47,000,000 has been paid to policyholders and beneficiaries of the Company since organization in 1889. 67% of the amount paid in 1940 was paid to living policyholders.
ASSETS NOW TOTAL $46,503,252
An increase for the year of $2,627,922
THE COMPANY'S TOTAL INCOME FOR THE YEAR WAS $8,160,164
COMPLETE SECURITY FOR POLICYHOLDERS
Policy and Annuity Reserves—an amount which with future premiums and interest, guarantees all payments under the Company's contracts—was increased in 1940 by $2,222,013, and now stands at $38,381,965.
The Dominion Life provides for Liabilities to policyholders on a much higher basis than the standard required by the government. In addition, securities are carried in the Annual Report at a value considerably less than their market value.
A complete copy of the Annual Report for the year 1940 will be mailed to you on request.
Branches in Principal Cities Throughout Canada
BUY WAR SAVINGS CERTIFICATES
THE DOMINION LIFE ASSURANCE COMPANY
HEAD OFFICE - WATERLOO, ONTARIO

A Partnership for You WITH THE Sun Life of Canada
A SUN LIFE POLICY gives you this — and more — It Plans SECURITY for the Time of Need

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Anglo-American Accord Solid Ground for Victory

Last week was one of the most historic in American history, certainly from the standpoint of Britain and the Empire. Kenneth R. Wilson, of The Financial Post, spent that week in Washington in intimate contact with some of the most important British, American and Canadian leaders.

Stepping off the train from Washington, Mr. Wilson spoke to Canada over the CBC national network on Saturday in a broadcast charged with well informed confidence.

In the following article he carries further his interpretation of what is happening in Washington and what it means to us at war.

By KENNETH R. WILSON
Associate Editor, The Financial Post

The most important thing in the democratic world today is Anglo-U. S. accord.

On the strength and effectiveness of this accord must depend the outcome of the war.

Fortunately for democracy, this accord is stronger now than at any time in previous history.

The dramatic arrival of Lord Halifax at an American naval base last week with its thrilling proof that Britain still rules the waves; the manner in which President Roosevelt broke all rules of protocol to welcome the new British ambassador—these are outward symbols of a solid and vital reality.

This point is emphasized because of the grave and recent danger that this accord might bog down in stalemate and misunderstanding.

The recent threat of British bankruptcy in terms of U. S. dollars, due to her colossal commitments for armament in that country demanded the utmost political and financial finesse. Not many weeks ago this vital problem came close to causing a complete impasse. Wise and patient leadership averted such a disaster.

If the proposed lease-loan bill passes in substantially its present form (as is now expected), Britain and the United States will enter the next period of world crisis with their feet firmly planted on the solid ground of complete financial accord and understanding.

Cards Are on the Table

Today Washington has a clearer, more accurate picture, and a more sympathetic understanding of Britain's financial position and of her war programme than at any previous time in history. In a recent visit to that city I had unusual opportunities to confirm that fact.

For perhaps the first time all the cards are on the table. There are no secrets—there is no reserve. The Administration knows exactly what Britain needs to hold her front line in 1941; what she needs to score a decisive defeat over Hitler in 1942.

The Administration knows, too, exactly what Britain and the Empire has and can expect to muster in the way of financial resources and armaments to meet the war programme. It knows precisely what is required by way of "deficiency" to balance the account and provide planes, guns, tanks and other equipment sufficient to ensure victory.

What is more, the Americans are, I was told, prepared to make good this deficiency no matter what the war risk may be as far as their own country is concerned.

Too often there is failure to achieve a master plan of this sort, or failure of one ally to bare the details of war plans. This makes for misunderstanding. It means that nations often work unwittingly at cross-purposes, even though their broad objectives may be exactly similar. In Washington I was given greatly encouraging assurance that the possibilities of such misunderstandings have been virtually removed in recent weeks.

Britain Will Win

At Washington there is diminishing alarm concerning the spring "blitz."

Neither the man in the street, nor government officials in high authority, agree with Colonel Lindbergh when he says that Britain cannot win. The attack which Hitler must make in the next two, three or four months is deemed a gambler's throw. Every day that passes increases very greatly the odds against his success.

If Hitler has not been able to win the war up till now, when everything lay in his favor from the point of view of strength in arms, there is confidence that he cannot win now with Britain's position immeasurably strengthened, and in face of the magnificent resistance the British have shown.

Hitler, it is argued, lost his chance to win the war last year. Lord Halifax put the date at June, 1940. This view is accepted by many who have studied the course and impact of the war at first hand. If Hitler did not win then, they do not believe he can and will win now.

There is also increasing agreement as to what Washington's course must be. That course can best be summed up in the three words "full necessary aid."

In the earlier stages of the war and indeed until recently, American policy was being debated in terms of two alternatives: "Aid to Britain" and "Keep Out of War." This conflict has disappeared to an extraordinary degree within the past few weeks, especially since the President made his fireside chat.

Today not only the administration itself, but the majority of public opinion seems to agree that Great Britain and her allies must be given whatever aid is necessary, no matter what the consequences. Even if it involves war, there must be no slackening in an all-out policy of aid for Britain.

Recent figures of nation-wide Gallup polls confirm this view. These show the rank and file of Americans to be agreed that England must be aided even at the risk of war.

Last spring and summer the Gallup polls showed clearly that staying out of the war was the chief aim of the United States. At that time only one person out of three wanted to help Britain at the risk of war.

Following President Roosevelt's fireside chat and message to Congress, that proportion has been completely reversed. Today more than two out of every three persons (the latest figure is 68%) favor help to Britain at the risk of war. The proportion has been steadily increasing.

Canada's Interest

Administration interest at Washington now centres on the lease-loan bill presently before Congress. No such legislation has heretofore been proposed in the history of nations or in the history of international capitalism. Revolutionary in principle, it is of the utmost significance in terms of the war effort and postwar relationships.

It extends, of course, to Canada, and although no details have yet been worked out there is agreement that it will be available to aid this country in its war programme, if, as and when we need it.

In the first place Canada will receive some immediate relief because of the easing in Britain's financial burden.

Symbolic of the new solid Anglo-American accord, Lord Halifax (left), former British Foreign Secretary and new ambassador to United States, and President Roosevelt, sponsor of all-out aid to Great Britain.

Figures made public recently by Henry Morgenthau, Jr., Secretary of the U. S. Treasury, showed that Britain's dollar expenditures in Canada and Newfoundland in 1941 are estimated at $880 millions. Of this total it was estimated that Canadian assistance to U. K. would be $260 millions, leaving a total dollar "deficit" with Canada during 1941 of $620 millions.

Were not the United States to ease Britains' financial load via the lease-loan bill, there are grave doubts as to what extent Canada would have received payment either in gold or dollars for this $620 millions debt.

Direct Benefits

As it is, the way is now opening whereby substantial payment on British accounts may be made. To the extent that such payments are now made possible, our financial problem will be greatly eased.

Second: There seems little doubt that within a few months Finance Minister Ilsley will be forced to find new ways and means of increasing the supply of U. S. dollars with which to pay for Canada's war commitments in that country.

How will he achieve this?

So far, it has been assumed that Canada would first try to restrict as much as possible the purchase of non-war materials along the lines of the "baby budget" of last December; that after this channel had been exhausted, Canada would seek ways and means of borrowing money to meet its U. S. obligations; finally, as a last resort, this country might have to liquidate U. S. security holdings of Canadian residents.

Passing of the lease-loan bill would materially alter this situation.

For example, supposing Mr. Ilsley were to suggest a further trade restriction, such as the cutting off of Canadian imports of citrus fruits. It is quite within the realm of possibility that the United States would say to Canada:

"It is not necessary for you to curtail normal trade relations any further. We would prefer that you did not. Instead, let us provide certain items of your war needs, under our lease-loan bill, and thus ease your dollar commitments in this country."

U. S. May be Buyer

Or there is one more alternative: Under the bill the United States is empowered to buy from Britain and other democratic countries special war or defense material. It is considered not improbable that the United States might agree to purchase a considerable "inventory" of say nickel or asbestos or some vital war material, and thus provide Canada with an unexpected supply of dollar exchange.

There is a third possibility, but it should be pointed out that it has not yet reached the stage of official discussion. The United States might finance branch-plant expansion in Canada of, say, aircraft plants, buy the products of the plants and lend them to England. This would at one stroke serve several purposes. It would give American aircraft firms a chance to make wartime tie-ups with Canadian aircraft plants, that would carry through in years of peace. It would put partially idle Canadian plants to work. It would help Canada with its "dollar" problem. It would speed up aircraft deliveries to Britain.

Generally speaking, the importance of the lease-loan plan is three-fold:

1. In meeting the immediate "invasion" crisis of the next 120 days.
2. In relation to the war programme of the next two years.
3. In easing postwar problems of the type which have be-devilled international relationships since 1914-1918.

So far as can now be forecast, it is along the sea lanes that an answer will be found as to whether or not the U. S. will become directly involved in war. It is in this connection that the immediate results of the lease-loan bill are most likely to be felt.

Aid to Britain in the immediate crisis means not only the manufacture and procurement of every essential type of armament that England needs and America can obtain, but it means responsibility to see that these war materials get to Britain and are not lost on the high seas.

Last week President Roosevelt publicly scouted the idea that the United States would provide convoys. "Convoys," say sources close to the Administration, "mean shooting and shooting comes awfully close to war."

It would be unwise to interpret such an attitude too literally. Nothing more on this point is being said just now and, if it can be avoided, nothing more will be said until the lease-loan bill passes safely through Congress. That is the present plan.

But if the Battle of Britain should require more direct aid from the United States even before this bill becomes law, there is little doubt that President Roosevelt in his present frame of mind would find a way to give that aid.

One way in which this aid might be forthcoming is for the U. S. to assume responsibility for trade routes and business contacts in other parts of the world so as to free British ships for the Atlantic lifeline. Under the lease-loan bill the United States could also release equipment and facilities to repair British ships, relieving the drain on British facilities and cutting down the normal tonnage tied up in drydock and repair yards.

There is a possibility of a second "destroyer" deal with perhaps some cruisers thrown in. The British heretofore have maintained they lacked sufficient personnel to man these ships and that if any are forthcoming they must be supplied with American crews. Some compromise is possible here, with perhaps a "dilution" of British naval ratings and perhaps a "voluntary" enlistment of American personnel under British arms.

Two-year War Programme

The major Anglo-U. S. armament effort is, however, concerned chiefly with the problem of winning the war in 1942.

As already pointed out, Washington now has a very complete, authoritative knowledge of what Britain believes is essential by way of armament, if Hitler is to be held at bay during 1941 and if the war is to be won in the following year. Mr. Roosevelt and his advisers know precisely what is needed from the United States over and above the maximum output of Canada, the United Kingdom and other Empire countries. This programme envisages a smashing frontal attack in order to overcome German domination in Europe. It is essentially a mechanized attack in which equipment of a type and amount not dreamed of in previous democratic history will be utilized.

Although tremendous obstacles must still be overcome, Anglo-U. S. advisers believe that preparation and ample preparation is under way which, as British and U. S. resources unite, will ensure victory for democracy. This does not mean necessarily that the United States must inevitably enter the war. It is conceivable, though not probable, that the U. S. could avoid open war while yet giving "full necessary aid."

Significance of the lease-loan plan is that this bill removes the possibility that a financial stalemate between the two countries would hinder such a programme. Everything now centres on the equipment, arms and services needed to ensure victory. No longer need the British be hampered by fear as to whether or not they can pay the bill. In short, Uncle Sam has underwritten the victory programme — his guarantee ensures that finances will not be allowed to interfere with production.

Postwar Consequences

Finally, the lease-loan bill introduces a principle which may have revolutionary effects in terms of postwar international finance.

Throughout Anglo-U. S. relations over the past two decades, and especially since the present war began, has hung the heavy cloud of Britain's war debt. By his lease-loan plan President Roosevelt has removed at one stroke the fear that this sort of problem will again bedevil relations between the two countries.

Furthermore, he has established a new principle—the principle of meeting international transactions on the basis of realties rather than monetary tokens.

Just what this will mean to the postwar world is yet too early to decide. Certainly many visionary New Dealers sense there has now been written into legislative enactment something which they, even a few years ago, might have looked upon as very like a millennium.

Hitler's Unpaid Allies —

How U. S. Groups Help Nazis

By SYDNEY MORRELL

This is the third of a series of articles on the "native American" organizations which, consciously or unconsciously, are giving aid to Hitler through the isolation-peace deal movement in the U. S. A. They are written exclusively for The Financial Post by the former chief of the Central European bureau of the London Daily Express. The following article deals particularly with the effort to send food supplies through the British blockade to Nazi-conquered countries; Irish Republican agitation; and the unholy liaison between Nazi and Communist propagandists.

NEW YORK.—In addition to the direct agitation for isolation and appeasement to end the war, there are operations in a more subtle field of strategy. In this sphere the National Committee on Food for Five Small Democracies has been the centre of great controversy.

The controversy rages round the all-important point of whether the food which Herbert Hoover intends for the people of Finland, Norway, Holland, Belgium and Central Poland will actually reach those people, or whether it will find its way into the mouths of the Germans.

Mr. Hoover and his associates say they hope to reach an agreement with Britain and Germany whereby:

1. Domestic food supplies in these small countries can be protected from occupying armies.
2. Supplemental supplies can be imported through German and British blockades.
3. Women, children and men can be saved from pestilence and famine.

Mr. Hoover's opponents in the United States say the Germans' confiscation of food and other materials in German-occupied Europe make his first and second objectives unattainable. If the families of occupied Europe have been brought to the verge of pestilence and famine, they say, this is only because the Germans have made these confiscations; and the Germans will go on confiscating whatever food and medical supplies find their way into occupied Europe, rather than see German civilians grow restive under the British blockade.

Be that as it may, it is interesting to note that William R. Castle, John T. Flynn and Mrs. Alice Roosevelt Longworth—three of the noteworthy directors of "America First"—are also directors of the National Committee on Food for Five Small Democracies. Following Britain's objection to the committee's aims, the Germans launched a propaganda drive in occupied Europe, drawing attention to the committee and charging Britain with being responsible for whatever famine occurs.

In addition to the three members above, the preliminary list of the committee consists of:

Gen. Charles G. Dawes, former vice-president of the U. S.

Charles Francis Adams, former Secretary of the Navy.

Gen. John J. Pershing, retired U. S. Army chief.

Col. Theodore Roosevelt, son of the former President.

John Haynes Holmes, pastor of the Community Church of New York.

Cardinal O'Donnell of Boston.

Dr. Ralph W. Sockman, minister of Christ Church (Methodist), New York.

Dean Carl Ackerman of the Columbia University School of Journalism.

Very Rev. Robert J. Gannon, president of Fordham University.

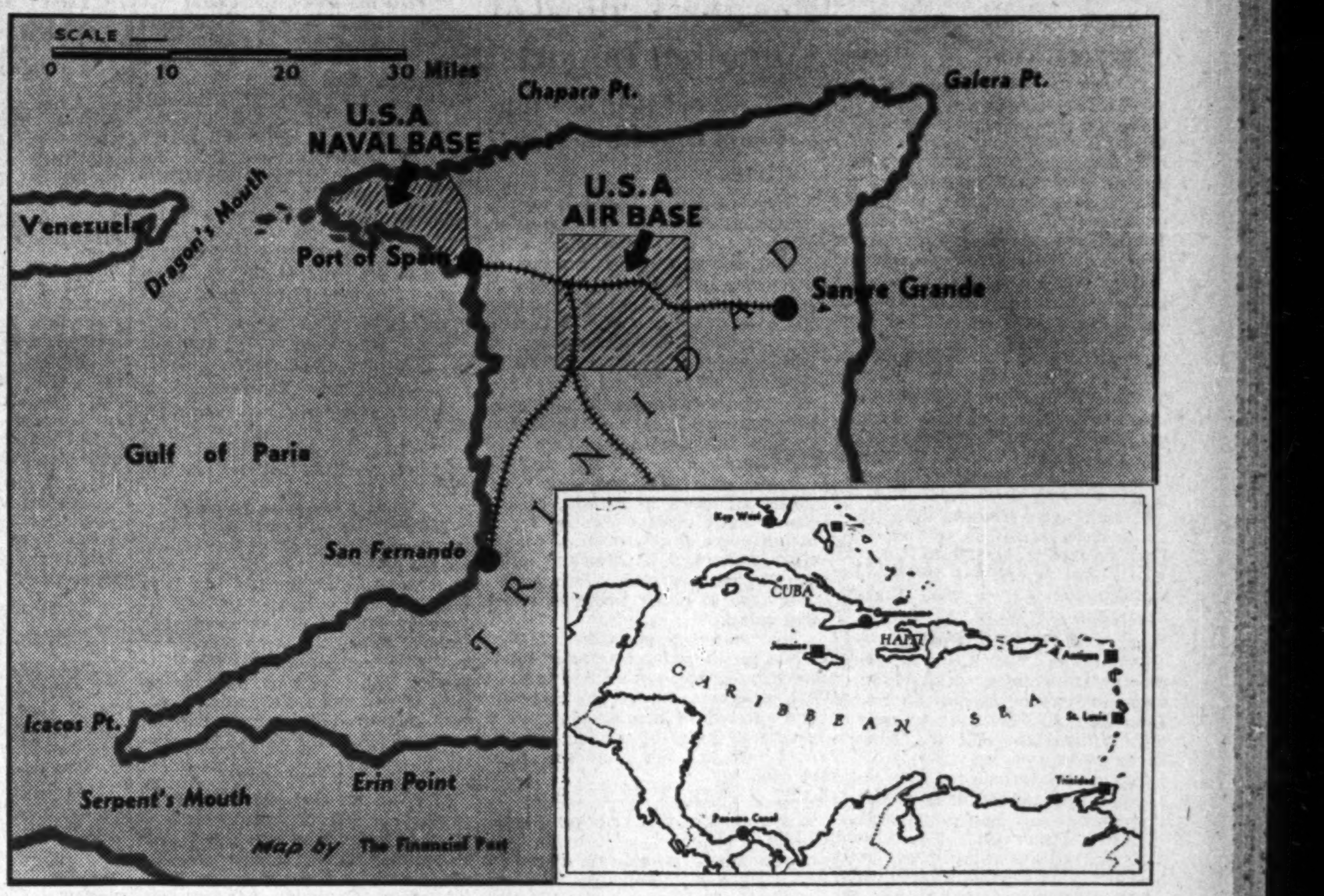
Dr. Ray Lyman Wilbur, president of Stanford University.

Kathleen Norris, novelist.

Hendrik Willem van Loon, writer and broadcaster.

Cardinal William O'Donnell, who is archbishop of more than a million Roman Catholics in 300 parishes, advocates the United States staying out of war and

(Continued on page 15)



Trinidad is the southern anchor of the new American outer defense line for the Panama Canal, a line made possible by the leasing of British-owned sites, shown by solid black squares in the small map, U. S.-owned bases in black circles. New fortifications on Trinidad will protect a two-entrance anchorage.

McEachern on Trinidad

Anchor of U. S. Defense

By RONALD A. McEACHERN
Staff Writer, The Financial Post

PORT OF SPAIN, Trinidad. — This lovely island has long been one of Fortune's favorites. But whether that blessed state is to continue much longer is the big problem. Maybe so, maybe not.

The biggest thing in the picture here now—economically, socially and politically—is the great United States defense project.

R. A. McEACHERN

Trinidad is the southern anchor for the chain of defense bases which Britain has leased for 99 years — Newfoundland, Bahamas, Bermuda, Jamaica, Barbadoes, St. Lucia, Antigua, British Guiana and Trinidad.

Though arrangements as to how that lease will be handled have yet to be worked out, a great squad of U. S. Army and Navy engineers are now at work here.

Already the Trinidad people are wondering if in the end they are still going to be a British colony. Although they are all pretty sure about the answer there is a consciousness here that Trinidad along with the other bases, is playing a role in a drama whose historic importance for the world and human welfare is yet but dimly surmised.

Certainly these defense bases are unique in the history of the world. Danger has forced common action in a way that diehard nationalists in either Britain or the United States would never have tolerated even a few years ago. What the leases really mean is this: Britain and United States have said that their interests in this part of the world are mutual; that the ownership of land, over which others fight, must here be used for the common weal.

But no matter what the future may hold, the island today remains very British, very war minded. This is the main funnel for traffic between the continents, north and south. Britain is taking full advantage of that fact to exercise to the full censorship and search. The censors are said to delay mails badly at times. All the way around South America travellers gossip about Trinidad being "terribly tough." I am told, however, that the censorship people have more than paid for themselves with what they have uncovered.

All around the south I have found Britishers angry and disappointed because they are far away and not personally engaged in the battle of Britain. That is certainly true of this colony. Trinidad is very British and under the present administration of Governor Sir Hubert Young, the Trinidad British are really enjoying the wartime measures he offers them. Sir Hubert has an excellent military record. He will be a familiar figure to all lovers of Lawrence's "Seven Pillars of Wisdom" or "Revolt in the Desert."

All over the place here you find the fur standing almost straight up on a good many backs. War has brought the usual barrage of exchange restrictions and controls over imports and exports. Where business is so largely composed of trading by many little and only a few big traders, those restrictions work severe hardship.

But Optimism Prevails

But grumbling doesn't last long on this beautiful island. Trinidad has a lovely climate. It has wealth and is extremely patriotic. Time after time Trinidad has escaped disaster through a collision of natural riches with Lady Luck. The Trinidadians are invariably optimistic even about the ultimate effect of the U. S. defense bases.

American engineers are now working on the two sites selected. One is an 11 mile square on the northwest tip of the island. It is to be developed as a naval base, one of the mightiest sea fortresses and battle fleet havens in the world. It will protect the Dragon's Mouth entrance to the Gulf of Paria, ample anchorage for a dozen fleets, and possessing a highly strategic back door through the Serpent's Mouth at the south. The other site is an 18 mile square air base in the interior of the island, about 20 miles east of this city.

The canny islanders tried to get Uncle Sam to take over a big swamp, only a few miles farther south than the site selected for the navy base. The argument here was that the present site would cut off Port of Spain from its favorite beach resorts. Uncle Sam argued that draining the swamp would take too long. Nobody here seems to have uttered what they really thought—that it would be a nice thing to have the swamp cleaned up with American money.

How much money the United States is going to spend here nobody yet seems to know. But building an enormous military encampment with great airfields and creating and arming a great naval base cost much; a sum that is enormous in relation to the ordinary money turnover of the island.

Big stimulation for Trinidad industry must result from that expenditure. Of that everybody is sure. What kind of stimulus and how much are very different matters.

Big Spenders Coming

Because it is a U. S. defense project, because materials for it enter duty free, it seems definite that all or nearly all of the special equipment needed for the enterprise will be purchased outside Trinidad. There will be little or nothing there in this connection for Trinidad business. But because there will be a big additional settlement of free spending American officials, officers and their wives, soldiers and sailors, the Trinidad merchant population is happy. So are the hotel people. Before the defense base was ever mentioned there wasn't a house to rent here. Landlords are already celebrating the presumably oncoming dearth of accommodation by hoisting prices. A $70 a month house of three months ago has just gone for $100 on lease.

That's just one angle; the simplest.

Much more uncertain is the labor question, and fortification work requires an enormous amount of unskilled labor.

There is no unemployment on the island, not in the North American sense of that word. One of my friends here told me how, a few weeks ago, his garden boy came in to announce that he was leaving.

Why?

Because he was getting married. He had arrived socially and economically, and was retiring. His wife would carry on the disagreeable problems of supporting their love nest. Because of the fertility of the soil, the comparatively limited needs of housing and clothing in the tropics, and above all because Trinidad has been booming, everybody whose internal pangs or mental turmoil suggest work has a job. That's one point.

Second point is the swiftly rising standard of living. It is something that defies reduction to statistics, but a native of the island and a behind-stage adviser of the administration told me that the condition of the native is twice as good as it was 10 years ago and four times as good as 20 years ago.

Five years ago he estimated there were about 20,000 "economic" men and women on the island, people who offered a market for a modest share of those products which we of North America identify with wellbeing. Now he guesses there are 50,000 in this class.

There are various reasons advanced. Education is an important one. True, present educational standards, here as everywhere, are designed to make professional men or bookkeepers. Many an unhappy bookkeeper, it may be argued, would make a happy and successful farmer. Some of the British colony here have been telling me education is a bad thing; that it makes unhappy blacks who are not as good servants.

Raising Living Standard

Very important in raising the standard of living throughout the island is the wage policy of the oil field operators. The oilers gave the whole island economy a mighty shake by paying 50% to 60% more than the accepted wage. The result was that workers streamed from the plantations to the oil fields. Higher plantation wages brought a dribble back and kept some. The plantation operators still find they can't get enough workers and claim that at oil field wages agriculture doesn't pay.

Following the big oil field development came several other sizeable projects, big labor consumers in this land where machines are expensive because labor is cheap. Take the great harbor scheme, making it possible for ships to come right alongside instead of discharging into lighters. Before the job was finished it was found dock facilities still weren't half big enough. Then followed a big waterworks project; then the big new airfield, now civil but potentially military. Pumping $7 to $19 millions into this island economy has had very concrete effects.

Now on top of all that comes Uncle Sam with his much vaster schemes, almost inevitably big consumers of Trinidad labor. The get-it-done, money spending reputation of Americans is big around here. Fear that they will even outdo the oilers and further upset the labor wage scheme of things is big in the minds of business.

Either at the conference on the defense bases to be held in London shortly between Americans and U. K. representatives or by agreement locally, the hope of business here is that some stipulation can be imposed that Uncle Sam will agree not to pay more than the going island wage.

I have been very much interested in wages all around the South in the belief

(Continued on page 10)

Pulp & Paper

One Third of Paper Now Moves by Water

Water-borne Shipments to U. S. Growing, Survey of A.N.P.A. Reveals

From Our Own Correspondent

MONTREAL.—Two thirds of the Canadian newsprint marketed in the United States during 1939 moved by rail, according to returns compiled by the American Newspaper Publishers Association from reports of its members and their publishers. The balance moved by all-water, or a combination of truck and water.

There was a time when practically all Canadian newsprint marketed in the States moved by railway. During the depression years, however, manufacturers found it necessary to save in every possible manner. Transport costs represented a large share of the delivered price of newsprint and as there was no downward adjustment in rates, the movement to ship by water was accelerated.

The all-water route to the eastern and midwest states, as well as on the Pacific coast has been used for many years. But it did not assume any marked importance until the depression started in.

Have Own Boats

Donnacona Paper Co. was one of the first to build a special type of vessel to carry newsprint paper from Donnacona to New York by way of Lake Champlain and the Hudson River route.

Canadian International Paper also adopted this method of transport to a greater extent than ever before.

Mersey Paper Co., at Liverpool, N.S., has always shipped by water because of its location on tide water.

The newsprint plants around the Great Lakes have favored water transport, while those in the Lake St. John-Saguenay region have been shipping increasing quantities by water, even going so far as to store the paper in the winter months.

Prepare Special Survey

In a special survey the association accounts for over 3,000,000 tons of newsprint consumed in 1939. This represents 85.6% of the estimated total consumption of 3,545,736 tons for that year.

Newsprint consumed in the States in 1939 and its source of supply follow:

Paper Available for Consumption In U.S. During 1939

United States	926,000	tons
Canada	2,206,000	"
Europe	310,000	"
Newfoundland	99,000	"
All sources	3,541,000	"

20% Not Covered

The survey prepared by the Association accounts for the following blocks of tonnage:

ANPA Traffic Dept. figures	3,029,722	tons
On hand Dec., 1939	283,860	"
In transit Dec., 1939	44,564	"
20% not covered	65,685	"
Shopping news consump.	80,000	"
Total	3,503,831	"

Breakdown of Returns

Accompanying this article is a table showing newsprint consumption for 1939 subdivided into two classifications, first, the movement from the United States, Canadian, European and Newfoundland mills to members of the American Newspaper Publishers Association and non-members via all-rail, all-water, all-truck and combination of these services. The second classification shows the total movement via the various methods of transportation to A.N.P.A. and non-members.

It is of interest to note that during 1939 the A.N.P.A. consumption of newsprint received via all-rail from all sources represented approximately 55% of the total newsprint consumption of both members and non-members; 29% via water; 1½% via truck; and 5¼% via a combination of these methods of shipping.

Over Half of Total

During the year A.N.P.A. consumption of newsprint received via all-rail from United States mills represented 53% of the total available for United States consumption produced by American mills; 22% via all-water; 5.2% via all-truck and 5.1% via combination of these methods.

For the same year the A.N.P.A. consumption of newsprint received via all-rail from Canadian mills also represented 53% of the total available for United States consumption produced by Canadian mills; 24% via all-water; 3.7% via combinations of these methods, with movement via motor truck being so small as to be unaccountable.

The total movement from European mills via all methods of transportation for both A.N.P.A. and non-members in 1939 amounted to 148,607 tons, whereas 310,000 tons were actually imported. The remaining 52% was no doubt accounted for by storage at ports that cities which later in 1940 was entirely consumed.

Bowater Critical of Canadian Imports

Declares British Mills Could Operate at Higher Rate

From Our Own Correspondent

MONTREAL. — Eric V. Bowater, chairman of Bowater's Paper Mills, in criticizing certain aspects of Britain's paper control arrangements at the company's annual meeting, stated that while mills in Britain were running at 25% of capacity, the Government was importing large quantities of newsprint from Newfoundland and Canada. Mr. Bowater believed requirements for newsprint could be filled by mills in the United Kingdom.

Paper production has been drastically curtailed in Britain. Since Government control was instituted manufacture of newsprint, the principal product of the Bowater mills, has proved substantially less profitable than of other grades of paper and board.

Mr. Bowater pointed out that while facilities for making groundwood pulp were not utilized to their fullest extent, though the company had offered to run its plant on a restricted share of production, import facilities for pulpwood were refused.

Saguenay Group Favors Prorating

Municipalities Ask Government to Remove All Exemptions to Scheme

From Our Own Correspondent

MONTREAL. — A petition from the municipalities of Bagotville, Chicoutimi, Dolbeau, Jonquiere, Kenogami, Port Alfred, Roberval, Shipshaw, St. Alexis, St. Ambroise, St. Felicien, St. Honore, St. Jerome, and St. Joseph d'Alma (all in the Lake St. John-Saguenay area) has been submitted to the Quebec Government urging the removal of exemptions in newsprint pro-rating. The municipalities allege that in 1938, 1939 and the first half of 1940 the districts suffered because average employment in newsprint operations was only a little better than half time.

Reference is made to the fact that the publisher-owned Ontario Paper Co.'s mill at Baie Comeau has been operating at capacity throughout the period, while newsprint operations in the Lake St. John-Saguenay district were "a little better than half time."

Want Exemption Lifted

The petition goes on to say: "With the recent cutting off of the Scandinavian newsprint exports, the Canadian newsprint industry has been busy. It would make little difference to exempt at the moment if Ontario Paper Co. were allowed to continue exempt, or were forced to prorate like the others. But the results of two and a half years of exemptions for that company are still felt throughout our district and elsewhere.

"We beg the Government use the present period of better employment to prepare against the future, which may be worse than anything experienced since pro-rating went into effect. Removal of the exemptions from pro-rating would aid social security. We beg that these exemptions be removed."

Paper Associations Form Committee

Formation of Joint Body Augurs Closer Collaboration of All Units

From Our Own Correspondent

MONTREAL.—Newsprint Association of Canada and the Canadian Pulp and Paper Association, representing together about 95% of pulp and paper production in Canada have announced formation of a joint board of their executive committees. This is regarded as an important step toward co-ordination of activities.

The two associations have collaborated on matters of mutual concern. Many member companies participate in both bodies. Wartime conditions have emphasized the necessity for even closer co-operation of all elements comprising the industry.

The joint board is being constituted to effect this closer collaboration. It is composed of three representatives of each association, including the two association presidents—C. A. Vining and F. G. Robinson—acting as joint chairmen.

Abitibi Net Covers Bonds About Twice

Last Year's Shipments Third Highest With Earning at Record

Interim monthly reports of G. T. Clarkson, receiver and manager of Abitibi Power & Paper Co., indicate that the company had $7.8 millions available for payment of depreciation and bond interest from 1940 operations. This compares with $3.5 millions on the same basis for 1939.

Putting the most conservative interpretation on these figures suggests that Abitibi earned its bond interest, plus interest on unpaid interest, a little less than twice in 1940 after depreciation. On this basis interest requirements are calculated from Mr. Clarkson's figures at $3.1 millions and depreciation requirements at $1.8 million.

If only the straight 5% interest on the $48.3 millions of bonds outstanding is provided, then the company would have covered this requirement approximately 2½ times, after depreciation.

Earnings Trend Down

Earnings in December, although still 41.26% above the closing month of 1939, were still about $100,000 less than November. Earnings have declined each month since last July. The 1940 earnings include $1.5 million resulting from the premium on U. S. exchange.

Monthly earnings, before depreciation and bond interest, for the past two years compare as follow:

Monthly Earnings

	1940 $	1939 $	Incr. %
January	‡447,776	162,297	175.90
February	‡389,594	125,556	210.30
March	‡383,152	150,400	154.76
April	‡525,116	175,446	199.30
May	‡817,457	237,830	243.71
June	†885,862	199,330	344.42
July	†941,390	191,633	391.25
August	†802,325	215,389	272.50
September	†731,764	463,529	57.87
October	†702,460	544,827	28.93
November	†630,584	596,951	5.63
December	*547,263	387,406	41.26
Fiscal year	7,804,743	3,450,594	126.19

Newsprint shipments for January this year are estimated by Mr. Clarkson at 25,700 tons. This would compare with 30,568 tons in December and 25,800 tons in Jan., 1940. The suggestion from this is that January earnings are also going to be less than December and probably not more than in Jan., 1940.

Newsprint Sales High

Abitibi's newsprint shipments last year indicate that operations in 1940 were on a better scale than in any previous year except 1937 and 1929. Although newsprint shipments in 1937 were higher than last year, net earnings this time are well above 1937's $4.7 millions.

Last year set an all-time record for shipments of bleached sulphite pulp by Abitibi by a good margin. The 1940 total of 73,971 tons compares with the previous record in 1937 of 58,392 tons.

Mr. Clarkson estimates that January shipment of pulp will total 5,300 tons, down substantially from December's 6,014 tons and also somewhat under Jan., 1940's 5,415 tons.

Comparative figures for shipments follow:

Newsprint Shipments (Short Tons)

	1940	1939	1938
January	25,800	21,688	18,058
February	23,675	20,542	16,004
March	26,964	22,333	18,239
April	30,798	24,293	22,001
May	48,597	27,201	25,412
June	48,946	24,239	27,493
July	46,168	22,199	22,960
August	38,655	25,310	24,545
September	36,697	32,694	26,741
October	37,210	37,246	29,777
November	36,411	38,668	30,937
December	30,568	27,476	29,313
12 mos.	430,489	323,889	291,480

Shipments of Bleached Sulphite (Short Tons)

	1940	1939	1938
January	5,415	3,422	2,150
February	5,590	2,846	1,937
March	6,001	3,461	2,135
April	5,672	3,261	2,841
May	6,611	3,435	3,000
June	6,658	2,863	2,142
July	7,472	2,893	2,667
August	7,132	3,291	3,244
September	6,268	4,987	3,274
October	5,152	5,193	3,874
November	5,985	5,185	3,293
December	6,014	4,982	2,806
12 mos.	73,971	45,819	33,363

Newsprint Goes To Market

UNITED STATES NEWSPRINT CONSUMPTION—1939 (TONS)

Mill Location:	All Rail ANPA	All Rail Non-Member	All Water ANPA	All Water Non-Member	Truck ANPA	Truck Non-Member	Combination ANPA	Combination Non-Member	Total
United States	492,489	83,589	204,596	6,884	47,561	6,763	46,358	7,461	895,701
Canada	1,173,169	106,680	532,649	9,400	17	1,986	83,165	18,167	1,925,233
Europe	......	......	94,736	13,578	....	....	32,249	8,044	148,607
Newfoundland	......	......	38,391	7,696	....	....	8,684	5,410	60,181
	1,665,658	190,269	870,372	37,558	47,578	8,749	170,456	39,082	3,029,722
ANPA	1,665,658		870,372		47,578		170,456		2,754,064
Non-member		190,269		37,558		8,749		39,082	275,658
Combination Consumption	1,855,927		907,930		56,327		209,358		3,029,722

Your Income Tax . . . .

From now until April 30, deadline for filing personal income tax returns, The Financial Post will answer questions from subscribers about their income and national defense taxes, as to exemptions to which they may be entitled, methods of payment, etc.

Enquiries are invited.

Bequest of U. S. Stocks

In 1940 I received a bequest from my mother, who had recently died This was in the form of shares in United States companies. I have been receiving dividends from these shares. But the dividends have been subject to deductions of 5% at the source for U. S. income tax. When I cashed the dividend cheques at the bank I received a premium because the dividends were in United States funds.

1. Do I pay income tax on the capital amount of the bequest?
2. How do I show the income received from these dividends, the tax paid to the United States and the amount received for exchange? My total income is less than 5,000.

You are not required to pay income tax on bequests.

The dividends from the United States companies should be shown in item H of form T-1 Special. Under the heading "Amount Received" you should show the amount you actually received from the companies. Thus if your dividends totalled $60 and 5% was deducted at the source you should show $57. Then under the heading "Plus Tax at Source" you should show the $3. This makes a total of $60. Deduct any carrying charges and extend the total amount to the outside column.

Then in item L you should show the amount of exchange premium you received. This would be extended to the column on the right hand side of the page and added in with the other items to your total income.

Then under item X below you deduct from your income tax payable the income taxes paid to the United States or the $3 shown in item H, provided it does not exceed the taxes you would have paid to the Canadian Government on these dividends at the average rate payable on your income. As the lowest rate of Canadian income tax is 6% the 5% U. S. tax will not exceed the Canadian tax. Consequently you may deduct the full $3.

Wife Died in 1940

In 1940 my wife died. Am I still entitled to a married man's exemption of $1,500 for income tax purposes?

Yes. Even though your wife died in 1940 you are still allowed exemption of $1,500 as a married man on last year's income.

Support of Sister

I have a young sister who is training as a nurse. I contribute about $250 each year to her support. Can I claim exemption for this on my income tax?

If your sister is under 21 years of age and nobody else claims exemption for her, you can claim an exemption for her of $400 if your actual contributions not exceeding $400 a year. If she is over 21 years or if anybody else is claiming exemption for her support you are not able to claim exemption.

Why Is Y

On the first page of my income tax return T1-1940 in the lower part of the form under the general heading "Computation of the Tax, is an item "Y" without any indication as to what is wanted there. How should I fill this in?

This space is where you put the total of your Dominion tax, including National Defense Tax, but less deduction for British and United States income tax on dividends received from companies in those countries. The space has been designated "Y" just as a means of identification in case it comes up in correspondence or otherwise.

Widow With Children

I am a widow living with two of my children in an apartment. What exemptions am I entitled to for income tax?

If you are maintaining a self-contained domestic establishment and supporting a child there who is actually dependent on you, you are entitled to exemption of $1,500 as a householder. If both children are dependent on you, you are entitled to the $1,500 exemption because of the first one and $400 because of the second. By self-contained domestic establishment is meant a dwelling house, apartment or similar place of residence, containing at least two bedrooms in which residence the taxpayer usually sleeps and has meals prepared and served.

Overseas Newsprint Trade Reaches High Level in 1940

From Our Own Correspondent

MONTREAL. — Canadian newsprint exports overseas in 1940 reached a high level of 656,637 tons, according to statement released by The Newsprint Association of Canada. This contrasts with 452,337 tons in 1939 and with 556,219 tons in 1937.

A feature of the overseas trade last year was the re-establishment of the South American market. For example, Argentina took 87,116 tons, as against 37,515 tons in 1939. Shipments to Brazil increased over six times to 33,159. Equally impressive gains were scored by Chili, Peru and Uruguay.

Central America also purchased more heavily from Canada, shipments to Mexico rising from 3,069 tons in 1939 to 29,868 tons in 1940.

A sharp increase in shipments to the Orient is noted, China's imports of Canadian newsprint, being up eight-fold at 16,183 tons, while the East Indies' purchases of 10,079 tons compare with 2,597 tons in 1939.

The Empire market was relatively well-maintained last year. Shipments to the United Kingdom were off from 176,754 to 145,108 tons, but Australia increased her purchases by 34,000 tons to 164,041. British South Africa's purchases were up a third at 34,998 tons, while British India took 27,698 tons, as against 2,975 tons in 1939.

Trend of Trade

Comparative and detailed figures on the overseas exports of Canadian newsprint paper follows:

	1940	1939	1937	1935
BRITISH EMPIRE				
United Kingdom	145,108	176,754	147,998	115,288
Eire (Irish Free State)	8,581	8,862	15,733	13,478
Australia	164,021	130,812	118,015	108,364
New Zealand	29,301	23,172	26,377	32,463
British India, Burma and Ceylon	27,698	2,975	5,710	1,616
British South Africa	34,998	24,839	28,546	14,587
British West Indies	4,125	1,760	1,446	2,435
Other West Indies	2,851	4,072	3,989	3,561
South America				
Argentina	87,116	37,515	76,234	58,376
Brazil	33,159	5,842	7,382	9,232
Chile	7,147	1,684	9,086	12,299
Peru	7,908	1,422	4,126	6,775
Uruguay	6,835	220	4,748	7,729
Venezuela	3,608	3,518	3,729	1,311
Other South America	5,279	1,589	2,941	1,850
Central America				
Central America	3,573	2,259	1,388	1,622
Mexico	28,868	3,069	19,284	1,999
Cuba	14,151	10,372	18,085	9,173
The Orient				
Japan	17	......	34,007	66,553
China	16,183	2,286	15,568	47,953
East Indies	10,079	2,597	2,262	2,627
Philippines	2,170	2,411	5,138	1,002
All others	12,861	4,307	4,447	2,729
Total Overseas	656,637	452,237	556,219	523,652
U. S. A.	2,586,149	2,206,353	2,899,021	2,051,935
TOTAL EXPORTS	3,242,786	2,658,690	3,455,240	3,574,987

Anchor of U. S. Defense

(Continued from page 9)

that while a man earning 50 cents a day may be of social interest and a convenient tool on election day, he is not of much interest to people who want to sell him bathrooms or motor cars.

That point of view is indicated in the policy of the present Trinidad administration in fostering labor unions. Back in 1937 there was much trouble in the oil fields. Strikes, riots and the rest were mainly about wages. After arbitration wages were raised, a union was formed. There seems to have been no difficulty since. Subsequently about a dozen other unions have been formed. An arbitration expert was imported from the Labor Office in London. He seems to have won the confidence of nearly everybody. Rabble-rousing labor leaders have disappeared under the pressure of reality and responsibility.

There are altogether about 450,000 people on the island. It is one of the most cosmopolitan populations in the world. Spanish were here first. Then came French Royalist refugees from the big Revolution, then English, heirs of the conquest, effected 1802. The other sizeable European group is Portuguese. Folk here are dreadfully sensitive about color. For that reason the census doesn't ask questions about it. Guesses are that the "white" colony is about 5,000. About half the remainder are ex-Africans, the other half East Indians.

Good Trade Connections

Now what does all this mean for the Canadian businessman?

Let me say this to start with: there is a good, regular and direct steamship service from Canada's eastern ports to Trinidad and other islands of the British West Indies. This is an advantage of very real importance not enjoyed as regards South America. There are two lines: the Canadian National Steamship Service and the Ocean and Dominion line owned by the Aluminum Corp. of Canada. This one takes bauxite ore from British Guiana north to Canada and carries anything it can get for the return.

To the credit of the very energetic imaginative traffic department of Ocean and Dominion be it said that it has taken about 50% of the C. N. S. business in recent years and is climbing fast because, with more business, it can give better schedules. Five people here have lamented to me that the C. N. S. traffic department seems asleep on its feet, is losing ground every day for lack of energy and that it is too bad the baby of the Canadian people is not getting more enterprising management. (All of which I repeat without prejudice.)

The second thing about Canada's trade here — in wartime — is that Trinidad has sharp exchange restrictions and a drastic system of import licensing. For many months of the war there appeared to be a disposition on the part of local authorities to treat Canadian imports on about the same terms as those from the United Kingdom. In recent weeks, however, this policy appears to have been changing to one of freezing out more and more Canadian products.

War Restrictions

Good information here has it that out of the present confusion is likely to come a policy in which import licenses will be given Canadian goods on the basis of quotas determined by quantities of prewar trade. The government explanation is that on the one hand they are told to restrict imports from non-Empire countries, on the other to conserve dollar exchange, such as Canada's.

Should the prewar quotas be imposed for Canadian imports here, that would mean killing off at a stroke all or nearly all of the very sizeable new business developed since the outbreak of war.

With the closing of European markets Canada found very ready customers for a wide variety of things. Our trade here in 1940 is estimated to have been at least 50% higher than in the first year of war. Most of the increase came in cotton piece goods for which there is a market which, relative to the population of the island, is enormous. Flour sales have increased. So have sales of hardware of nearly all kinds, of lower cost footwear, electrical appliances and refrigerators, building materials such as cement, lumber and wallboard. With the collapse of Holland, Canadian exporters got an interesting market for kraft wrapping paper and paper bags, for condensed milk, for potatoes and fresh vegetables.

Canadian Exports Soar

Canada's trade with Trinidad, as well as with other islands of this general area, Tobago, Barbados, British Guiana and the Leeward and Windward Islands, has been growing apace in recent years. An important factor in that growth has, of course, been the direct steamship service.

In 1935 Canada's exports to Trinidad, most important market in the area, were only $2.5 millions. That figure climbed in successive years to $3.3 millions, $3.9 millions, $4.2 millions and to $5 millions in 1939. It is expected 1940 figures will be well over $7 millions. For the same year Canadian exports to British Guiana were almost $2 millions and around other million dollars to other places in the general area. If British policy were to give Canadian exporters the same standing as British, this trade development, so important to Empire solidarity in this hemisphere, could be expected to continue.

By far the biggest import item on the Canadian list here is flour. The 1939 figure is about $1.3 million, a fairly constant item for recent years. Lumber is second at $475,000. Motor cars, trucks, etc., are third at about $470,000. Fish imports from Canada were about $431,000. Onions, potatoes and other vegetables were about $207,000. Most of the remainder is made up of a host of consumer items.

The things we bought from Trinidad in 1939 totalled only $2.6 millions, just about the same figure as five years earlier. Main items were $1.7 millions of sugar, $160,000 of cocoa, $60,000 of grapefruit juice, $25,000 of bananas and lesser amounts of coffee, edible oils, etc.

Remember, too, that Canadian exporters here enjoy an exchange differential of around 9½% and that they have a 10% preferential tariff compared with 20% on United States goods.

Trinidad's Riches

Trinidad's island economy has time and again come to the verge of collapse, only to be rescued and go on to new riches along another track. Latest example is cocoa and petroleum.

After the last war there was an enormous development on the island in cocoa agriculture. Thousands of workers bought their own little farms and the island thrived for years on the high prices and the comparatively easy production. Then came the terrific collapse in the price as other countries entered the market, especially Brazil and the west coast of Africa. Trinidad then turned to sugar, and sugar became a world problem. Then developed Trinidad's petroleum riches.

Trinidad is now the biggest oil producer in the British Empire; and of particular strategic importance because of its location.

The great asphalt lake about 60 miles from here is a world curiosity. Drive a car over it, fine. Park the car for five minutes and it begins to sink. Dig out carloads of asphalt today. The lake's surface is soon level again, the hole disappeared. For years Trinidad's asphalt lake has been surfacing roads all over the two continents, from Alaska to the tip of the Argentine.

Oil is New Wealth

For years there has been some oil production but only in recent years has output been soaring into figures of world importance. Output of all types of petroleum in 1939 was around $32 millions. No production figures have been issued for 1940 because of war, but it is known that output has increased a very great deal. Britain is chief beneficiary of these oil riches today. But among the first beneficiaries was the family of a Canadian missionary. Wily acquisition of oil lands that proved most fecund was the starting point of the fortunes of T. Geddes Grant, now one of the big merchandising houses here.

Ashley Cooper, chairman of Hudson's Bay Co., is chairman of one of the most important producing companies, Trinidad Leaseholds. United British Oilfields is said to be linked with the Shell interests, which tie in with Anglo-Iranian, which in turn is controlled by the British Admiralty. McColl-Frontenac of Canada is head office for Antilles Petroleum. Trinidad is here through Trinidad Oilfield Operating Co., head office of four other operating companies in London.

For the years 1921-30 inclusive total production was 5 million barrels; for 1931-37 about 11.6 millions. Big growth started in 1936 when 13.2 million barrels were produced. This increased to 15.5 in 1937. Refinery and storage capacity is being greatly increased right now, and petroleum products now account for more than 60% of the total exports of the island.

My Trinidad visit was brief, far too brief because it was homelike in comparison with Latin South America; because of the island's lovely days and cool nights, an extremely welcome change from the oppressive climate of South America's eastern coast.

Many Canadian Connections

Canadian institutions are prominent here and as usual I found some Canadian atmosphere around the banks, the Royal Bank of Canada and the Canadian Bank of Commerce.

Manager H. P. Urich of the Royal was born here and is one of the best known figures in the community. At the Commerce the manager is F. Walton, who came down from Toronto head office a little over three years ago.

Of Canadian life insurance managers I saw only B. G. Warner of Sun Life and Edwin Aird of Imperial. Mr. and Mrs. Aird are a very Canadian couple and in a community where Canadians are rare are proving what I have found everywhere throughout the South: that being Canadian is just about the best possible recommendation.

Officially representing Canada here is G. A. Newman. He is the energetic young Canadian Trade Commissioner for this area and has been flooded with requests from merchant interests here for Canadian goods. He is up to his ears in work trying to get through wartime regulations and make a way for Canadian exporters.

Another Canadian is J. A. Reid, formerly of Halifax, who is superintendent of the Trinidad Electricity Board. It is a civic enterprise, formed to take over the properties of the old Nova Scotia-owned Trinidad Electric Company. The Canadian company's assets were taken over four years ago after long disputes, culminating in an appeal to the Privy Council.

Merchant Princes

Sir George F. Huggins, O.B.E., and his partner, D. McBride, represent between them what are supposed to be the most extensive interests on the island. They have big interests in merchandising, shipping, agricultural land, hotels, a newspaper and other things.

Since they are merchant princes of the island I was much interested in their offices. A huge old warehouse on the waterfront, the main floor was dark and piled high with bags and boxes that were strange both to my eyes and nose. Upstairs in a great open room half a hundred clerks were at work. Behind a partition, at two very ordinary office desks, sat Sir George in shirt sleeves and collar off. One flat desk was at his front, another at his right. Opposite sat militant Scotsman McBride. Both know Canada well and if the welcome they gave me was any hint they seem to like the Dominion.

Arthur C. Hale, general manager for another import-export house, Hand, Arnold Ltd., wears spick and span white suits and his office has vast open doors giving directly on to the large garden courtyard of the local businessmen's centre, the Union Club. He's got some rare birds strutting around his private park and animals that look like small rabbits. He is one of the big Canadian importers: Lake of the Woods flour, Canada Cement, Kraft cheese, Kingsbeer, and a string of other commodities.

The Queen's Park Hotel, a Huggins and McBride interest, is thoroughly modern and the food was wonderfully good after the strange and not always good food of Latin America. G. E. Andersen, manager, was chief steward on the Canadian National boats for years and once had a fruit farm in the Okanagan Valley of British Columbia.

The Queen's Park has the most attractive lounge of any hotel I've lived in. It looks out over the lovely park and racecourse beyond which, a mile away, rise the great purple hills.

Canadians Use More Liquor

Apparent Consumption in 1939 Substantially Above 1938

Apparent consumption of spirits in Canada in 1939 totalled just over 5 million proof gallons, according to recent report by the Dominion Bureau of Statistics. This is a substantial increase over the apparent consumption of 3.9 million proof gallons in 1938.

The 14 establishments engaged in the production of distilled liquor in Canada produced whiskies and other distilled spirits during 1939, which were put into bond for maturing, to the extent of 6.6 million proof gallons with an inventory value of $2.8 millions. The industry bottled or shipped in bulk, whiskies and other potable spirits totalling 5.7 million gallons and valued at $18.4 millions. The 3.1 million proof gallons of alcohol produced was valued at $1.4 million.

Imports of distilled whiskies in 1939 totalled 1.6 million gallons with a value of $5.6 millions.

JAMES W. SEWALL
Rutlan Block, Port Arthur, Ont.
Timber Cruises and Valuations
JAMES W. SEWALL
Old Town, Maine
PHILLIPS & BENNER

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. — Iroquois Falls, Ont.
Pine Falls, Man. — Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. — Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Looking Forward

Again, the Great-West Life looks into the future with confidence, proud to fulfil its responsibilities as a leading financial institution, and knowing that its obligations to its policyholders are thoroughly safeguarded.

PRESIDENT

ITEMS FROM THE 1940 ANNUAL STATEMENT

Insurances and Annuities in Force	$640,255,615
New Business Placed	53,401,865
Payments to Policyholders and Beneficiaries	17,249,139
Assets	173,512,329
Surplus, Contingency Reserve and Capital	6,686,907

THE GREAT-WEST LIFE ASSURANCE COMPANY
HEAD OFFICE - WINNIPEG, CANADA

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Dosco B

Is there any possibility for a dividend payment on Dominion Steel & Coal Corp. class B stock in the near future?

Dominion Steel & Coal Corp. is operating at capacity levels, and there is little doubt that operating profit for the full year will be in excess of the $3 millions shown in 1939. It is also possible that net profit for the year, after taking into consideration "excess" profits tax, will exceed earnings on the class B shares of $1.28 last year. The company has been building up its financial position steadily, and operations may be expected to continue at peak levels for the duration of the war. Prospects for dividend disbursements on the class B shares will be governed entirely by company policy. Increased taxes and higher operating costs will prevent all but a relatively small proportion of business betterment being reflected in net profits.

Minnesota & Ontario

I hold some Minnesota & Ontario 6% first mortgage bonds of 1945. What shall I receive for them after the reorganization which I understand is practically completed?

Minnesota & Ontario Paper Company is just completing a reorganization. On Feb. 28 the old company is scheduled to turn over its assets to the new one and the exchange of securities to be ready. Under the plan the holder of each $1,000 of 6% first mortgage bonds, due 1945, would receive $500 in new first mortgage income bonds, due 1960, and 40 shares of new common stocks. First payment is scheduled for May 1, 1941. The company reported $1.9 million available for interest from the nine months ended Sept. 30, 1940, compared with $605,440 in the corresponding period of 1939. There is a market for the new shares which bondholders will receive at around $4 a share.

Riverside Silk

Has the original management of Riverside Silk Mills retained connection with the company? A brief history of this company would help me.

Riverside Silk Mills produces silk yarn used in the manufacture of ladies' underwear and hosiery and also manufactures broad silks. The present company was incorporated in 1915 by the present management, public interest first appearing in 1928 when Class A shares were offered publicly. Control still rests with the original management by virtue of its holdings of the Class B capital stock, which is the only voting stock.

Management of the company includes E. M. McCormick, president, D. W. McCormick, vice-president and G. H. McCormick, secretary-treasurer. In addition, C. E. McCormick is a director as is F. J. Coombs, Toronto. Mr. Coombs represents A. E. Ames & Co., which firm offered the class A stock in 1928.

A record of stable earnings has been shown over a number of years. On the class A, the company has earned from $2.63 to $2.70 a share. Regular dividends of $2 a share are paid annually on this stock, while 50 cents a share has been paid on the class B in each of the past two years. The company's financial position is strong and adequate to meet all demands. Position has recently been made somewhat obscure by the likelihood that import of raw silk will be curtailed by the Dominion.

Ogilvie Flour

How do investors generally regard the preferred stock of Ogilvie Flour Mills Co.?

Ogilvie Flour Mills Co. is one of the most successful units in the milling industry. In the year ended Aug. 31, 1940, volume of business increased somewhat over the preceding year. The improvement, however, was largely offset by increased taxation and competition in domestic markets. Demand for flour from the United Kingdom increased, but several other export markets have been eliminated. Operations for the past year resulted in net profit of $905,334, against $996,317. Earnings on the preferred stock were $45.27 in 1940, contrasted with $49.82 in 1939. Record of this preferred stock entitles it to a high investment ranking.

Excess Profits

Does the exemption from excess profits tax applying to firms earning less than $5,000 make allowance for the amounts paid in salaries to owners of the business? Are these salaries deducted as a cost or are they regarded as part of the profits?

The sections of the excess profits tax lists under exemptions companies which do not earn profits in excess of $5,000, before providing for any payments to proprietors, part owners, or shareholders by way of a salary, interest or otherwise. This is intended as a measuring stick to determine whether or not a company is eligible for excess profits tax.

Suppose that a small company earned $2,000 last year. It had only two proprietors, both of whom received salaries of $5,000 each. This makes a total of $12,000 before allowing for the proprietors' salaries. On this basis, this company would be subject to excess profits tax, because the total of its net earnings, plus proprietors' salaries, totalled more than $5,000. But the excess profits tax would only apply on the $2,000 of actual net earnings.

If this same company, which had $2,000 net earnings, paid its two proprietors only $1,000 each, it would not be subject to excess profits taxation because the total of these sums comes to only $4,000.

Having determined whether or not the company is subject to excess profits tax by this method, then the amount of the excess profits tax which it must pay is measured by the amount by which the $2,000 taxable income earned in 1940 exceeds the average taxable income for the four years, 1936 to 1939, inclusive. Any company, of course, which considers that it has a special case to present is at liberty to appeal to the Board of Referees for special consideration.

Imperial Oil International Petroleum

I should like definite information as to whether the present method of paying dividends by means of coupons is to be continued by Imperial Oil and International Petroleum.

Enquiry from the office of Imperial Oil and International Petroleum Co. does not indicate any plans to change from the present bearer share warrants with coupons attached for payment of dividends. The present certificates have six more coupons remaining, sufficient for 3 years dividend payment on the present basis. Holders of the present warrants can convert into registered stock at any time on presentation of their certificates with a declaration of ownership. Dividends on registered stock would be sent directly to the holder by cheque.

Cuban Canadian

What has become of the stock of Cuban Canadian Sugar Co.? I have not seen these shares traded for some time.

Common and preferred shares of Cuban Canadian Sugar Co. were withdrawn from trading on the Montreal Stock Exchange in May, 1931. Latest previous transactions available were $2 a share for the preferred in Feb., 1930, and $1 a share for the common in Oct., 1929. This company was reorganized in 1939. Each of the old 8% cumulative redeemable preferred stock was exchanged for one share of new common of $5 par value, while holders of each 20 old common shares received one new common share.

ELECTED

J. B. Stirling, vice-president of E. G. M. Cape & Co., Montreal construction firm, who was chosen vice-president of the Canadian Construction Association at its recent annual convention in Montreal.

National Income Up 9% in 1940

Estimated at $4.8 Billions—Gains Uneven in Economic Divisions

National income of the Canadian people for 1940 is tentatively estimated by the Dominion Bureau of Statistics at $4.8 billions against $4.4 billions in 1939, a gain of slightly over 9%.

For the first 11 months of 1940 the estimated income realized by individuals in Canada was $4.3 billions, against $4 billions in the same period of the year before.

The three main divisions of economic activity participated in the expansion, but the gains were uneven. For instance, the commodity producing groups of industry recorded a gain of 7.3%, while those in the commodity handling division, which includes the transportation and trade activities, showed a gain of 16.6%. The facilitating division—finance; government and service—gained over 4%.

The combined gain in income of individuals in the three divisions for the 11 months was slightly over 8%.

Silverwood Net Up in 9 Months

Costs Keep Step With Rising Sales — Old Bonds Called

Higher earnings were reported by Silverwood Dairies Ltd. for the nine months ended Dec. 31, 1940. The improvement resulted from an increase in the volume of merchandise handled. Cost of goods sold during the period was approximately the same proportion of sales as in the corresponding period of 1939. Net profit for the period increased to $276,749 from $159,873 in 1939, both figures being before income and excess profits taxes.

Redemption date of the company's 5% first mortgage bonds is March 25, 1941. Series A bonds are being redeemed at 103 and accrued interest, the price for the series B bonds being 101 and accrued.

Earnings Statement
Nine Months Ended Dec. 31

	1940 $	1939 $
Sales	5,818,204	5,184,267
Less: Cost of sales	5,105,052	4,600,161
Gr. profit on sales	713,152	584,106
Add: Misc. rev.	13,480	16,418
Gr. trading profit	726,632	600,524
Less: Man. & gen. expenses	99,219	95,872
Net earnings	627,413	504,652
Less: Prov. for depr.	246,718	242,210
Int. on 5% mtge. bonds	38,696	36,906
Int. on subsids. mortgages	......	413
Int. on 6% debs.	65,250	65,250
Net profit*	276,749	159.873

*Before providing for Dominion and Provincial taxes and excess profits taxes.

Company Reports

Guaranty Trust

Annual report of the Guaranty Trust Co. of Canada for the year 1940 is the first statement to show the effect of the absorption of the Fidelity Trusts Co. of Ontario whose Niagara Falls office has become a branch of Guaranty Trust. Offices are now operated at Toronto, Windsor and Niagara Falls.

The year's operations and the addition of Fidelity brought an increase of over 50% in guaranteed trust account and a rise of over 75% in estate business. A drop of $3,300 was shown in net profit after taxes, and the rate earned on paid-up capital dropped from 7.74% to 5.35%, largely as a result of the increase in capital occasioned by the acquisition of Fidelity Trusts, which was effected as of Nov. 1, 1940.

Earnings Record

Year	Paid-up Capital & Reserves $	Net Profit* $	†Div. Rate %	†Rate Earned per sh. %
1936	190,914	12,825	5	9.68
1937	211,000	16,295	5	10.86
1938	311,000	17,548	5	7.02
1939	311,000	19,336	5	7.74
1940	361,000	16,039	5	5.35

*Before deducting write-down of safety deposit equipment, reduced to $1 by end of 1937, and office equipment acquired in 1938, written down to $1 in the same year.
†Based on capital paid up at year end.

Liabilities to Public
As at Dec. 31

	1940 $	1939 $
Guar. Trust acct.	1,198,700	757,564
Secured by:		
Liquid assets	921,323	505,630
Mortgages & int.	277,377	245,934
Other net assets	381,637	328,643
	1,580,337	1,080,207
Estates	8,802,463	5,176,793

British Mortgage

Annual report of the British Mortgage & Trust Corp. of Ontario, Stratford, for the year ended Dec. 31, 1940, shows an increase in asset position, particularly in liquid assets. Higher earnings were shown for the year, but an increase in income taxes from $9,000 to $16,000 caused a drop in the net available for dividends of some $1,000. The company continued to earn its $8 dividend.

Annual meeting will be held Feb. 13, 1941, at the office of the corporation in Stratford. Shareholders will be asked to approve a grant of $1,000 to the Canadian Red Cross at the meeting.

Earnings Record

Year	Paid-up Capital & Reserves $	Net Profit* $	Div. Rate $	*Rate Earned per sh. $
1936	1,825,000	84,206	8	8.42
1937	1,825,000	84,743	8	8.47
1938	1,825,000	86,333	8	8.63
1939	1,825,000	81,959	8	8.20
1940	1,825,000	80,988	8	8.10

*After all charges and reserve for taxes.

Liabilities to Public
As at Dec. 31

	1940 $	1939 $
Gtd. invest. receipts	3,341,201	3,291,125
Deposits	2,302,153	2,253,053
Total	5,643,354	5,544,178
Secured by:		
Liquid assets	1,983,468	1,709,785
Mortgages & Int.	3,659,886	3,834,394
Other net assets	1,865,823	1,864,834
	7,509,177	7,409,013
Estates, etc.	1,120,663	968,083

Ontario Loan

Increases in assets and in net earnings before taxes were shown in the annual report of the Ontario Loan & Debenture Co., London, Ont., for the year ended Dec. 31, 1940. The total of debentures payable in sterling declined by $44,533 during the year and withdrawals by depositors to invest in war loans caused a drop in this liability of $102,771 during the period. Debentures payable in Canadian funds increased some $501,000, resulting in a net increase in liabilities to the public. Provision for Dominion income tax is $90,000 for 1940, compared with $42,000 for 1939.

Mortgages and liquid assets each increased approximately $700,000 during the year, the rise in liquid assets being the more important from a percentage standpoint. Although real estate prices continued low, a more active general demand for improved urban properties brought a reduction of $177,000 in the total of real estate held for sale, according to Archibald McPherson, president. Annual meeting of the company will be held at the company's offices in London, Feb. 12, 1941.

Earnings Record

Year	Paid-up Capital & Reserves $	Net Profit* $	Div. Paid $	Earned per $50 sh. $
1936	4,400,000	232,266	5¾	5.81
1937	4,400,000	241,121	5	6.03
1938	4,400,000	245,757	5	6.14
1939	4,400,000	252,984	5	6.32
1940	4,400,000	215,263	5	5.38

*After income taxes but before writing $10,000 off premises in 1937; transfer of $10,000 to investment reserve in 1940; $45,000 in 1939 and 1938 and $30,000 in 1937; $5,000 to employee benefit fund in 1940 and $7,500 in 1939.

Liabilities to Public

	1940 $	1939 $
Debentures	8,676,863	8,219,986
Deposits	3,470,706	3,573,478
	12,147,569	11,793,464
Secured by:		
Liquid assets	4,200,323	3,624,251
Mtges. & int.	11,866,672	11,165,658
Other net assets†	590,464	793,810
	16,657,459	15,583,719

†Office premises, real estate and agreements for sale, less other liabilities and dividends payable.

Midland Properties

Midland Properties Inc., owner of the 20th Century Theatre in Buffalo, N.Y., showed a net loss of $11,020 in the year ended Dec. 31, 1940, as compared with loss of $18,569 in 1939. During the year, mortgages payable were reduced an additional $10,000 to $440,000 and the rate was lowered to 5% from the former 6%.

Working capital increased to $14,035 during the year from $8,003. Accumulated dividends on the $920,000 of 8% preferred stock outstanding now amount to 132%. Annual meeting will be held at the office of the company in Buffalo on Feb. 4, 1941.

Income and Deficit Account
Years Ended Dec. 31

	1940 $	1939 $
Net loss	11,020	18,569
Add: Previous deficit	47,407	28,838
Deficit forward	58,427	47,407

Working Capital

	1940	1939
Current assets	15,740	10,299
Current liabilities	1,705	2,296
Working capital	14,035	8,003

United Distillers

United Distillers of Canada, Vancouver, reports net profits for the year ended Sept. 30 moderately under those of the preceding year, being equivalent to five cents a share.

The balance sheet consolidates all subsidiary companies with the exception of United Distillers (of America) Ltd. The latter concern had a loss of $168,993 in the year which gave a deficit of $237,210 on its balance sheet. The auditors recommend that a full reserve of $766,478 be set up against the company's equity in this subsidiary.

Balance sheet shows comparatively few changes. Bank loans are up to $225,883 from $202,771.

Consol. Income and Surplus Account
Years Ended Sept. 30

	1940 $	1939 $
Gross profit	150,510	194,843
Less: Exec. salaries	28,700	34,500
Legal fees	389	1,399
Bad debts	......	34,716
Depreciation	48,633	28,263
Interest	17,382	17,800
W/o whisky val.	......	20,465
Inc. & E. P. taxes	16,836	13,570
Net profit	38,570	44,130
Add: Prev. surplus	47,763	3,633
Earned surplus fwd.	86,333	47,763
Earned per share	$0.05	$0.06
No dividends paid.		
Shares o/s., n.p.v.*	770,006	770,006

*Of which 62,865 shares held by a subsidiary.

Working Capital

	1940 $	1939 $
Current assets	912,273	847,483
Current liabilities	346,019	337,297
Working capital	566,254	510,186

Belding-Corticelli

Belding-Corticelli Ltd. reports substantially better operations in the year ended Nov. 30, 1940. Operating profit, after deducting all manufacturing, selling and administration expenses, totalled $509,310 in the 1940 fiscal year, compared with $363,878 in the preceding year. Net profit of $135,050 was reported, compared with $112,712 in the previous year. This net was the highest in any year since 1929 and was equal to $9.93 a share on the common stock, compared with $6.95 in 1939.

Working capital position improved, with inventories rising from $351,289 in 1939 to $683,716. W. P. MacDougall, president, explains that due to disturbed conditions and uncertainty of deliveries, and larger volume of business, the company deemed it advisable to carry these larger stocks.

Producing Nylon Hose

Pointing to the Dominion's restriction upon importation of luxuries, Mr. MacDougall states in the annual report:

"The emergency budget of Dec. 2 placed the importation of raw silk under license from non-sterling countries and on a decreasing scale, regulations governing this restriction are now being formulated and time will tell what effect this will have upon the full-fashioned hosiery industry which employs over 7,000 people and pays out annually in wages over $8 millions."

The president states that Belding-Corticelli placed its first order for Nylon yarn earlier in the year and is now making delivery of small quantities of this hosiery to the trade.

Income and Surplus Account
Years Ended Nov. 30

	1940 $	1939 $
Operating profit	509,310	363,878
Add: Invest. int.	7,405	6,010
Invest. sale prof.	2,470	735
Net earnings	519,185	370,623
Less: Depreciation	171,218	160,490
Income tax	120,000	44,000
Directors' fees	8,110	6,980
Exec. remun.	40,704	35,385
Advertising prov.	10,000	......
Employees' benefit	33,000	......
Legal fees	1,103	2,556
Invest. prov.	......	8,500
Net profit	135,050	112,712
Less: Pref. divds.	60,571	60,571
Com. divds.	29,980	29,980
Surplus for year	44,499	22,161
Add: Prev. surplus	553,888	531,727
Prior adjusts.	40,717	......
Surplus forward	639,104	553,888

Working Capital

	1940	1939
Current assets	1,488,691	1,262,235
Current liabilities	356,046	232,072
Working capital	1,132,645	1,030,163

Balance Sheet Changes

	1940	1939
Cash	64,968	135,010
Investments	142,041	203,290
Inventory	683,716	351,289
Accts. payable	151,106	87,265
Property (net)	1,298,263	1,339,111

The Bell Telephone Company of Canada

CAPITAL STOCK

We offer shares in the Capital Stock of this Company forming part of the securities formerly held by residents of the United Kingdom and later vested in the British Government under the terms of the "Acquisition of Securities Order of October 1939".

The repatriation of these securities provides Canadian dollars for British Government purchases in Canada.

A descriptive circular furnished upon request.

Price: $158.50 per share; yield 5.05%

Based upon the present dividend rate of 8%.

Certificates are now available for delivery in Toronto.

DOMINION SECURITIES CORPORATION LIMITED

TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.

15 King Street West, Toronto

Builders Ready To Give Help

Construction Body Offers Aid in Locating British Industries Here

The Canadian building industry is prepared to co-operate in location of British industries in Canada, through transfer of branch factories in this country. Declaration of such readiness was made in a resolution passed at the annual convention of the Canadian Construction Association in Montreal last week.

Another resolution directed the incoming executive to study the design and construction of air-raid shelters, "which may possibly be required in various populated sections in Canada in the near future." Also, it was urged that in planning of war industries, steps be taken to minimize danger of damage or destruction of the plant by bombing or sabotage.

Effect of Tax

The convention approved the work of a special committee which has been probing the effect of the excess profits tax on the construction industry, and called for certain adjustments in the Unemployment Insurance Act in so far as it concerns construction.

New officers of the association were elected as follows:

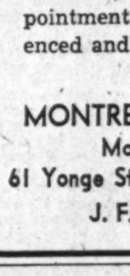
JOHN E. CLARKE, Toronto, president.
JOHN B. STERLING, Montreal, vice-president.
E. R. SMALLHORN, Montreal, hon. secretary.
E. F. LONGFELLOW, Toronto, hon. treasurer.

Regional Vice-Presidents

K. I. CAMPBELL, Saint John, N.B.
W. L. REFORD STEWART, Sherbrooke, Que.
A. R. TIMMS, Welland, Ont.
CHARLES BLAKE, Winnipeg.
ALLAN S. GENTLES, Vancouver.

CONFUSION or CONFIDENCE

Which will be associated with your estate? You alone have the power to decide. Confusion by the appointment of unqualified though well meaning executors, or confidence by the appointment of a reliable fully experienced and permanent trust company.



MONTREAL TRUST COMPANY
Montreal Trust Building
61 Yonge Street Toronto
J. F. HOBKIRK, Manager

Municipal Finances

Saskatoon, Sask. — An operating surplus of some $60,000 for 1940 was estimated by Mayor S. N. MacEachern in his recent inaugural address. Some of this might go to a tax reduction, but the city's cash reserves had been badly depleted, civic wage cuts should be restored and discontinuation of the practice of capitalizing relief costs was in order, the mayor stated. By the end of 1940 approximately $1.2 millions of relief costs had been capitalized.

Sault Ste. Marie, Ont. — J. McMeeken, mayor of Sault Ste. Marie, is one of many civic statesmen calling for reduced capital expenditures during the war years. In his inaugural address the mayor called for the rejection of some $70,000 of local expenditures which would absorb an estimated 3½ mills of the 1941 tax levy.

York County, Ont.—Balanced budgets for eight consecutive years is the record of York County at the end of 1940. The county showed a surplus of $24,120 at the end of 1940 and had reduced debenture debt to $1,061,000 as compared with $1,148,000 a year earlier. A sum of $110,230 has been provided as sinking fund to meet 1941 maturities of $100,000. All 1940 taxes were collected before the end of the year, for the second successive year. The policy of collecting taxes on a monthly installment plan from the constituent municipalities is credited by municipal officials for this showing.

Toronto, Ont.—Collections of current taxes in 1940 by Toronto amounted to $30.2 millions, or 89.58% of the year's levy, as compared with $29.9 millions, or 88.37% of the levy, in 1939. The 1940 figure is the highest percentage of collections since before 1911. Total collections of current and arrears taxes amounted to 102.5% of the 1940 levy as against 103.1% in 1939. Arrears outstanding were reduced to $1.6 millions at the end of 1940, compared with $2 millions at the end of 1939 and a high of $4 millions in 1934.

Port Arthur, Ont.—Third reading has been given by the Port Arthur city council to the by-law authorizing the city to issue $185,000 of debentures for the installation of a dial telephone system. Application is being made to the Ontario Legislature to validate the dial telephone by-law carried at the last municipal elections. Finances of the city are stated to be the best in years. The usual bank loan of $450,000 was not needed in January and may not be required in February, it is stated.

Toronto Attracts More Industries

Industrial Commission Reports Further Growth and Elects Officers

Further variety was added to Toronto's industrial output when 16 new companies commenced operations in the city last year, it was announced at the annual meeting of the Toronto Industrial Commission last week.

New officers are as follows:

C. L. BURTON, honorary president.
JOHN A. TORY, president.
FRANK E. WATERMAN, E. M. ASHWORTH and A. B. COOPER, vice-presidents.
Other directors:
MAYOR FRED J. CONBOY,
R. C. BERKINSHAW,
F. A. GABY,
IVOR R. LEWIS,
T. FRANK MATTHEWS,
A. ROSS ROBERTSON,
W. H. BOSLEY,
H. C. PATTEN,
ELWOOD A. HUGHES.

Maj. M. P. Jolie Made Manager Small Arms

Major Malcom J. Jolie has been appointed general manager of Small Arms Ltd., a Government-owned concern engaged in manufacture of army rifles. He succeeds G. S. Braden, who was the president and general manager of the company since its inception. Mr. Braden, who has recently been promoted to the presidency of Canada Cycle & Motor Co., is retaining the presidency of Small Arms. Major Jolie has been works manager of the company since last summer.

Faith in Canada's Future

To lend money on Canadian real estate away back in 1855, when this Corporation was first established in business, required more than good judgment—it required faith. The future of Canada was obscure. Never in the years that have followed has that faith wavered. It governs the Canada Permanent policy to-day.

CANADA PERMANENT Mortgage Corporation

Head Office
320 BAY ST. . . TORONTO
Assets Exceed $68,000,000

'DOMINION' Envelopes OF EVERY DESCRIPTION

DOMINION ENVELOPE CO. LTD.
TORONTO
PHONE EL.7271
BRANCHES
MONTREAL WINNIPEG

J. P. LANGLEY & CO.
C. P. ROBERTS, F.C.A.
Chartered Accountants

TORONTO
KIRKLAND LAKE
ONTARIO

The **Huron & Erie** MORTGAGE CORPORATION

Results for 1940 in Condensed Form
77th Year

Holdings of:		
Bonds of Dominion of Canada, and Provinces of Canada	$3,628,000	
Bonds guaranteed by Dominion of Canada or Provinces of Canada	733,000	
		$ 4,361,000
Municipal and other bonds		446,000
Cash in Offices and in Banks		1,079,000
Total Assets, over		$43,200,000
Net profits for 1940 together with balance from previous year		419,423
Funds invested by the public in Huron & Erie Debentures and Debenture Stock, over		26,200,000
Deposits by the public in Huron & Erie Savings Accounts, over		9,900,000
Paid-in Capital, Reserve Fund and Undistributed Profits		6,653,000

T. G. Meredith, K.C., Chairman and President. Col. Ibbotson Leonard, D.S.O., Vice-President
M. Aylsworth, General Manager

Branch Offices in Five Provinces
London Toronto Hamilton Windsor Chatham St. Thomas
Winnipeg Regina Edmonton Vancouver Victoria

The **CANADA TRUST** COMPANY

39th Annual Report in Condensed Form
December 31st, 1940

Holdings of:		
Bonds of Dominion of Canada and Provinces of Canada	$ 892,000	
Bonds guaranteed by Dominion of Canada or Provinces of Canada	313,000	
		$ 1,205,000
Municipal and other bonds		267,000
Cash in Offices and in Banks		375,000
Total Assets, over		$37,600,000
Net profits for 1940 together with balance from previous year		195,527
Funds invested by the public in the Company's Guaranteed Trust Certificates and Guaranteed Deposit Certificates		7,650,000
Assets of Estates and Trusts under administration		28,186,000
Paid-in Capital, Reserve Fund and Undistributed Profits		1,668,375

T. G. Meredith, K.C., Chairman and President J. W. Hobbs, Vice-President
M. Aylsworth, General Manager

Branch Offices in Six Provinces
London Toronto Hamilton Montreal Windsor Chatham
St. Thomas Winnipeg Regina Edmonton Vancouver Victoria

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchanges

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JANUARY 27

Range 1940-41 High	Low	Div R'te $	Jan25 Y'ld %		Sales	Last Jan. 20	Week end. Jan. 27 H	L	Cl'se
				A					
2.50	.50	.	...	Abitibi	495	.65	.70	.70	.70
17½	2	.	...	Do. pref. 6%	650	6	6½	6	6½
33	5½	.	...	Do. pref. 7%	....	(10 bid	11 asked)		
6	3	.	...	Acme Glove	....	(2 bid	3 asked)		
57	45	6.50	13	Do. pref.	....	(51 bid	— asked)		
12½	9	80+20c	8.7	Agnew Surp.	....	(11½ bid	— asked)		
110	105	7	6.5	Do. pref.	50	107½	107	107	107
3.00	.75	.	...	Alta. Pac. Gr.	....	(1.25 bid	1.50 asked)		

Range 1940-41 High	Low	Div R'te $	Jan25 Y'ld %		Sales	Last Jan. 20	Week end. Jan. 27 H	L	Cl'se
22½	13½	1	6.3	Ford Motor A	1868	15½	15½	15½	15½
21½	14	1	6.7	Do. (B)	....	(15½ bid	— asked)		
.20	.05		...	For. Pr. Secs.	....	(.15 bid	— asked)		
15½	6	‡50c	..	Foundation Co.	75	12	12	11½	11½
20	6	.	...	Fraser Cos.	17	8	7½	7	7½
21½	7½	.	...	Do. Vot Tr.	415	9½	9	8½	9
.50	.50	.	...	Freiman	....	(.50 bid	— asked)		
42	25	.	...	Do. pref.	....	(40 bid	— asked)		
16½	8½	80c	8.6	Gatineau Pwr.	507	9½	9½	8½	9
97	79	5	5.9	Do. pref.	35	89	85	83	85
105½	90	5.50	5.7	Do. 5½% pref.	....	(92 bid	95½ asked)		
6	1½	.	...	Do. Rights	10	1½	1½	1½	1½
10½	4½		...	Gen. St. Wares.	138	5½	5½	4½	4½

Mining Stocks

Week Ending January 27

Oil Stocks

Vancouver Stocks

Oil Quotations

Par Val.	Range 1940-41 High	Low	Company	Sales	Close Jan. 20 (or last)	High for week	Low for week	Close Jan. 27
1	.31	.12	Model	......	(.... bid	.05 asked)		
25c.	.08½	.04	Monarch Royal	......	(.04½ bid	.... asked)		
25c.	.21	.04½	National Pete	......	(.... bid	.... asked)		
1	.05	.04	Nordon	......	(.65 bid	.... asked)		
No	1.31	.58	Okalta	......				
No	.06½	.03	Pacalta Oil	100	.04½	.04	.04	.04
1	.42	.19	Pacific Petroleum	500	.25	.25	.25	.25
25c.	.21½	.07½	Prairie Royal	1,000	.08	.08	.08	.08
No	.19½	.08	Royal Canadian	8,500	.13½	.12½	.11½	.12½
No	.10½	.05	Royal Crest	......	(.07½ Sept. 25)			
No	36.00	17.50	Royalite	4	20.00	19.50	19.50	19.50
No	.07½	.03	South End	......	(.... bid	.... asked)		
No	.60	.21	Southwest Pete	100	.25	.23	.23	.23
1	.06	.02	Spooner	......	(.04½ bid	.... asked)		
25c.	.38	.11½	Sunset Oil	......	(.10½ bid	.... asked)		
No	.09	.03½	United	1,500	.04½	.04½	.04½	.04½
No	.07	.03½	Vanalta	......	(.04 bid	.06 asked)		
1	.63	.23	Vulcan	550	.35	.38½	.38½	.38½
No	.05	.02	West Flank	......	(.02 Nov. 9)			

* Quotation for 1939.

Winnipeg Stocks

(Transactions from Jan. 20 to Jan. 25)

	Sales	High for period	Low for period	Close Jan. 25
Federal Grain, pref.	5	27.00	27.00	27.00
Minn. & Ont. Paper	100	3.75	3.75	3.75
Sachigo River	10	2.80	2.80	2.80
Traders Finance, "A" pref.	12	91.50	91.50	91.50
United Grain Growers	100	9.00	9.00	9.00
Western Breweries	30	1.85	1.85	1.85
Western Steel	90	8.00	8.00	8.00
Wingold	1,200	.09	.09	.09

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c.	..	4
Do., pref.	100¼	..
Can. Airways	1	..
Can. Indemnity	150	..
Cres. Cream, p.	..	15
Dom. Envelope, c	8½	..
Do., pref.	..	100¾
Home Invest.	13	..
Nor. Can. Mtg. p.	5	..
Nor. Trusts	7	..
Traders Bldg.	43	..
West. Grain, p.	..	7
Wings	⅛	¾
Do., Vot. Tr.	⅛	..

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Jan. 28	3,000	6,400	263,000	......
Jan. 27	10,100	8,100	196,000	21,150
Jan. 25	3,100	3,200	226,000	15,400
Jan. 24	6,800	9,400	249,000	28,350
Jan. 23	10,200	12,400	227,000	11,392
Jan. 22	7,800	11,900	232,000	21,984

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Unlisted Stocks

(Furnished by A. J. Pattison, Jr. & Co., Toronto)

Jan. 28, 1941

Unlisted Mines

Toronto, Jan. 28, 1941

	Bid	Ask		Bid	Ask
Norwin	.02	—	Stadacona	.04	.05
Oklend	.08	.09	Thomson	.16	.18
O'Leary	.01½	.02½	Thomp Cd	.02½	.04
Opemiska	.03½	.04	Treaty P	.13	.15
Oriole	½	.01	Union Mln	.05	—
Orpit	.04½	.06	Wasu	.03½	.04½
Ossian	½	.01½	West Red	.04	.04½
Pascalis	.33	.36	Woco	.03	.04
Pontiac R (Old)	.06	.08	YDavid'n	.24	.28

Montreal, January 28, 1941

	Bid	Ask		Bid	Ask
Obalski	.01½	.03	Scott Ch	.01½	.02
Pan Can	.05	.07	Westwd C	.03	.05

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Jan. 28, 1941

Supplementary Stock Quotations

Toronto

Jan. 28, 1941

	Bid $	Asked Jan. 28 $	Bid Jan 21 $
Miscellaneous:			
Adirondack F., c.	10.25	12.00	10.00
Atlas Steel, 1st p.	106.25	108.00	106.00
Blue Top Brew., B	6.05	6.85	6.00
Brandram Hend., c.	2.10	3.25	2.00
Can. Tube & Stl., c.	3.60	4.50	3.50
Can. West Lumber	.40	.65	.35
Cap. Wirecloth, c.	5.50	7.75	5.75
Do., pref.	19.00	21.00	18.00
Collingwood. T., units	.70	1.25	.75
Corp. Inv., A	5.85	6.25	5.80
Corr. Paperbox, c.	...	.80	.65
Dover Ind.	7.50	8.00	7.50
East. Bake., pref.	28.50	32.00	28.00
East. Steel Prods., p.	20.25	21.25	20.25
Hart Battery, c.	6.00	7.25	6.25
Imperial Varnish, c.	8.50	10.00	8.25
Ind. Accept., pref.	79.00	84.00	80.00
	24.00	30.00	20.00
West Can. Hydro, p.	11.35	12.25	
West. Life, 10% pd.	8.75	11.50	8.50
Woods Mfg., com.	4.25	6.00	4.00

†Currently paying on arrears.
*Issue carries arrears.

Municipal Bonds

Jan. 28, 1941

†Halifax	5	1961	111.00	115.00	3.99
Hamilton	5	1950	110.60	112.60	3.40
Montreal	5	1945	97.00	100.00	5.00
Ottawa	4½	1945	105.25	107.25	2.75
†Quebec	5	1959	106.00	109.00	4.25
Saint John	5	1950	102.00	105.00	4.39
†Toronto	4½	1955	112.00	114.00	3.25
†Vancouver	5	1950	99.00	102.00	4.72
Winnipeg	5	1944	101.00	104.00	3.61

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.60	2.85
Can. Amer. Trust	3.15	3.65
Can. Invest. Fund	3.25	3.65
Grouped Income	...	5.20
Trans-Canada	10.30	11.15

Corporation Bonds (Cont'd)

Mercury Mills	6	'39	91	94	93
Mersey Paper	5	'37	97	100	97½
Do.	6	'49	99	..	..
*M. & O. Paper	6	'45	52½	55½	53
Moirs Ltd.	6	'53	79	..	79
‡Mtrl. Drydocks.	5	'48	38	41	40
Montreal Apts.	4	'84	58½	61½	..
Nat. Grocers	4	'47	101	...	100
N. S. Stl. & Co.	3½	'63	84½	97½	85
Price Bros.	5	'57	96	99	96
Do.	4	'37	84	87	85
*Prov. Paper	5½	'47	105	...	105
Reliance Grain.	4½	'32	94½	97½	94
†Restigouche Co.	6	'48	98½	101½	99
Rolland Paper	4½	'51	102	105	102
Ruddy, E. L.	6½	'48	101	104	101
Silv. Dairies	6	'66	95	98	95
Simpsons Ltd.	4½	'51	99½	102½	100
Smith, Howard.	4½	'51	103	106	103
Stand. Lime	6	'44	97	103	97
Sterling Coal	6	'45	96	99	96
Stop & Shop	3	'47	61½	64½	61
United Corp.	5	'53	92	95	92
*United Gas	5½	'48	104	...	104
United Gr. Grs.	5	'48	97	100	97
†Western Grain	6	'49	48	51	49

*Payable in Can. or U.S.
†Payable in Can., U.S. or U.K.
▲Payable in Can. or U.K.
•Payable in U.S. only.
♦Payable in Canada only.
‡Traded without accrued interest.

Annual Meetings

1941	Company	Place
Feb. 4	Midland Properties Inc.	Buffalo
Feb. 5	Toronto General Trusts	Toronto
Feb. 8	Imperial Ins. Office	Toronto
Feb. 10	Can. Bud Breweries	Toronto
Feb. 10	Mont. C. & D. Sav. Bk.	Montreal
Feb. 11	Candn. Fire Ins.	Winnipeg
Feb. 11	Can. Indemnity	Winnipeg
Feb. 11	Guar. Co. of N. Amer.	Montreal
Feb. 11	Sun Life Assur.	Montreal

Dividends Declared

	This payment	Date payable	Date of record
Ault & Wiborg, p.	$1.37½	Feb. 1	Jan. 15
Ang. Can. Tele., p.	.68¾c	Feb. 1	Jan. 15
Agnew Surpass, c.	40c	Mar. 1	Feb. 15
Do., pref.	$1.75	Apr. 1	Mar. 15
Aluminium pf.	†$1.50	Mar. 1	Feb. 8
Do., com.	$2	Mar. 5	Feb. 12
Bk. Can. Nationale	$2	Mar. 1	Feb. 15
Bathurst P & Pap A	25c	Mar. 1	Feb. 14
Bank of Toronto	$2.50	Mar. 1	Feb. 15
Beatty Bros., 1st p.	$1.50	Feb. 1	Jan. 15
B.C. Telep. 2nd p.	$1.50	Feb. 1	Jan. 17
Bank of Montreal	$2	Mar. 1	Jan. 31
Blue Ribbon, pf.	62½c	Feb. 1	Jan. 27
Can. Bronze	37½c	Feb. 1	Jan. 20
Do., interim	50c	Feb. 1	Jan. 20
Do., pref.	$1.25	Feb. 1	Jan. 20
Can. & For. Secs.	6c	Feb. 1	Jan. 16
Can. Cel., Inc Fd. rts.	$1	Mar. 15	Dec. 31
Can. Pac. Rly., pref.	2%	Feb. 1	Jan. 1
Calgary Power, p	$1.50	Feb. 1	Jan. 15
Can. South. Rly.	$1.50	Feb. 1	Dec. 27
Can. Bk. of Com.	$2	Feb. 1	Dec. 31
Coniagas Mines	12½c	Feb. 1	Jan. 20
Coast Brew.	3c	Feb. 1	Jan. 15
Can. Inv. Fund	4c	Feb. 1	Jan. 15
Can. Investors	10c	Feb. 1	Jan. 18
Canadian Oil, c.	12½c	Feb. 15	Feb. 1
Do., extra	12½c	Feb. 15	Feb. 1
Commoil	1c	Feb. 25	Feb. 14
Commonw'th Intl.	4c	Feb. 15	Jan. 15
Conduits Nat.	25c	Feb. 1	Jan. 24
Can. Malartic	▪2c	Mar. 26	Mar. 8
Can. Car pref.	▪44c	Apr. 10	Mar. 21
Chartered Trust	$1	Apr. 1	Mar. 15
Cosmos Imperial	30c	Feb. 15	Jan. 31
Do., extra	15c	Feb. 15	Jan. 31
Crown Cork	50c	Feb. 15	Jan. 31
Canada Cement pf.	$1.25	Mar. 20	Feb. 28
Dom. of C. Gen. Ins.	$6	Feb. 28	Jan. 23
Do., bonus	$3	Feb. 28	Jan. 23
Distillers Seag., pf.	†$1.25	Feb. 1	Jan. 17
Dom. Bridge	30c	Feb. 25	Jan. 31
Dom. Tar & Ch. p	$1.37½	Feb. 1	Jan. 16
Dominion Bank	$2.50	Feb. 1	Jan. 20
Eastern Steel, c	$1	Feb. 1	Jan. 15
Federated Pete.	1c	Feb. 20	Feb. 8
Gurd, Chas., pfd.	$1.75	Feb. 15	Feb. 1
Granby Cons.†	15c	Mar. 1	Feb. 14
Hedley Mascot	2c	Feb. 15	Jan. 24
Humberstone Shoe	25c	Feb. 1	Jan. 15
Hyd. Elec. Sec., B p.	25c	Feb. 1	Jan. 15
Inter. Nickel, pf.	†$1.75	Feb. 1	Jan. 2
Imperial Bank	$2.50	Feb. 1	Dec. 31
Inter. Metal, pf.	$1.50	Feb. 1	Jan. 15
Do., pref., A	$1.50	Feb. 1	Jan. 15
Inter. Util., pf.	†87½c	Feb. 1	Jan. 20
Kerr Addison G.	5c	Feb. 28	Feb. 12
Laura Secord	20c	Mar. 1	Feb. 15
Loblaw Groc. A B	25c	Mar. 1	Feb. 10
Loblaw Groc. Inc.	†20c	Feb. 28	Feb. 13
Leitch Gold	2c	Feb. 15	Jan. 31
Melchers Dist., pf.	*30c	Apr. 15	Apr. 5
McIntyre Porc.	55½c	Mar. 1	Feb. 1
Mtge. Corp. N. S.	$1.25	Feb. 1	Jan. 24
Naybob Gold	1c	Apr. 15	Apr. 1
Ontario Steel pf.	$1.75	Feb. 15	Feb. 3
Photo Engravers	50c	Mar. 1	Feb. 15
Privateer Mine	3c	Feb. 10	Jan. 25
Do., extra	1c	Feb. 10	Jan. 25
Penmans	75c	Feb. 15	Feb. 5
Do., pref.	$1.50	Feb. 1	Jan. 21
Power Corp	15c	Feb. 1	Dec. 31
Pressed Metals	25c	Mar. 1	Feb. 15
Rolland Paper	15c	Feb. 15	Feb. 5
Do., pref.	$1.50	Mar. 1	Feb. 15
Quebec Power	25c	Feb. 25	Jan. 25
Royal Bank	$2	Mar. 1	Jan. 31
Regent Knit. pfd.	40c	Mar. 1	Feb. 15
Saguenay Pr., p.	$1.37½	Feb. 1	Jan. 24
South. Can. Pr.	20c	Feb. 15	Jan. 31
Shawinigan W.	23c	Feb. 25	Jan. 25
Sherbrooke Trust	$1.50	Feb. 1	Jan. 15
Simpsons, pref.	$1.62½	Feb. 1	Jan. 25
Siscoe Gold	2½c	Mar. 15	Feb. 15
Sullivan Cons.	3c	Mar. 15	Feb. 15
Steel of Can.	43¾c	Feb. 1	Jan. 7
Do., extra	$2	Feb. 1	Jan. 7
Do., pref.	43¾c	Feb. 1	Jan. 7
St. Law. Flour	25c	Feb. 1	Jan. 20
Do., pref.	$1.75	Feb. 1	Jan. 20
Toburn Gold	3c	Feb. 22	Jan. 22
Do., extra	2c	Feb. 22	Jan. 22
Union Gas	20c	Mar. 15	Feb. 20
United Corp., A	38c	Feb. 15	Jan. 31
Walker-Good.	$1	Mar. 15	Feb. 14
Do., pref.	25c	Mar. 15	Feb. 14
Weston, Geo., pf.	$1.25	Feb. 1	Jan. 15
Wood, A. & J., p.	$1.75	Feb. 1	Jan. 14
Zellers, pref.	.37½	Feb. 1	Jan. 15

†Payable in U. S. funds.
*Arrears/eliminated after giving effect to this payment.
▪Subject to approval of Foreign Exchange Control Board.

Mining Dividends

	Rate	Close Jan. 27	Yield %
Anglo-Huronian	‡10c	2.60	..
Beattie Gold	16c+2c	1.15	*15.6
Bralorne	80c+40c	10.00	*12
Broulan Porc.	‡6c	.95½	..
Buffalo Ankerite	‡31c	4.60	..
Bulolo Gold	$3	18.00	16.6
Can. Malartic	8c	.51	..
Cariboo Gold	16c+8c	2.90	*8.3
Central Patricia	16c+7c	1.83	*12.6
Chesterville	†5c	1.54	..
Cochenour Willans	†3c	.85	..
Coniagas	‡25c	1.55	..
Coniaurum	16c+2c	1.48	*12.1
Cons. Smelters	$1+$1.25	38.00	*5.9
Delnite	‡6c	1.16	5.2
Dome Mines	$2	24.37	8.2
East Malartic	‡30c	2.76	10.8
Francoeur Gold	†3c	.45	..
God's Lake	‡2½c	.34	..
Goldale	‡2c	.16	..
Gold Belt	‡4c	.27	..
Gunnar Gold	‡6c	.35	..
Hallnor	60c	5.15	11.6
Hard Rock	‡10c	.95	..
Hedley Mascot	‡8c	.54	..
Hollinger	65c+45c	12.87	*8.5
Howey Gold	‡5c	.26	..
Hudson Bay	‡$2	25.50	7.8
Inter. Nickel, com.	$2	36.00	5.5
Island Mountain	‡15c	.85	..
Kerr Addison	‡15c	3.70	..
Kerr Lake	‡10c	.20	...
Kirkland Lake	10c+2c	.96	*12.5
Kootenay Belle	‡12c	.22	..
Lamaque Gold	40c+10c	4.75	*10.5
Lake Shore	$2	20.00	10
Leitch	8c	.51	15.7
Little Long Lac	30c	2.00	15.0
Macassa	32c+3c	4.10	*8.5
Madsen R. Lake	‡6c	.58	..
McGillivray Coal	3c+1c	.25	..
McKenzie Red L.	↓12c	1.17	10.2
McWatters	10c	.21	..
Moneta	12c	.54	..
McIntyre Porc.	$2.05½+1▪	48.75	*6.1
MacLeod-Cockshutt	‡20c	2.15	9.3
Naybob Gold	4c	.28¼	..
Nipissing	15c	1.10	..
Noranda	$4	55.50	7.2
North Empire	‡30c	6.25	...
O'Brien Gold	‡10c	.96	..
Pamour Porc.	12c	1.35	8.9
Pato Cons.	20c	2.60	..
Paymaster	‡1c	.23	..
Perron Gold	16c+4c	1.50	*13.3
Pioneer, B.C.	40c	2.15	18.6
Pickle Crow	40c	2.85	14.0
Placer Develop.	$1.20	9.00	13.3
Premier	12c	.93	..
Preston E. Dome	20c+5c	3.25	*7.7
Privateer Mine	‡16c+2c	.54	..
Powell Rouyn	‡10c	.91	..
Quebec Gold	‡2c	.28	..
Relief Arlington	‡5c	.03	..
San Antonio	14c+6c	2.46	*8.1
Sheep Creek	16c+3c	.83	*22.8
Sherritt Gordon	‡10c	.80	..
Sigma Mines	‡45c	8.50	..
Silbak Premier	16c	.70	22.8
Siscoe	‡11½c	.60	..
Sturgeon River	‡2c	.18	..
Sudbury Basin	‡2½c	1.35	..
Sullivan Cons.	‡9c	.62	..
Surf Inlet	‡1½c	.11½	..
Sylvanite Gold	20c+10c	2.75	*10.9
Teck-Hughes	40c+5c	3.50	*12.8
Toburn	8c+12c	1.75	*11.4
Upper Canada	‡6c	1.86	..
Ventures	15c	3.75	..
Waite Amulet	‡10c	3.75	..
Wendigo	†3c	.23	..
Wright-Harg.	‡40c+30c	6.75	*10.4

*Yield including bonus. †Initial.
‡Paid in 1940.
▪An extra dividend of $1.11 paid Jan. 2, 1941.
↓Plus 1 sh. McMarmac Red Lake Gold Mines for each 5 shs. McKenzie held.

We trade: B.C. Pulp Securities, Manufacturers Life, Guelph Carpet, C.I.L. B & pref., Dom. of Can. Gen., Dom. Woolens 6's
A.J. Pattison, Jr. & Co.
Established 1907
Royal Bank Bldg. EL. 5101 Toronto
THIRD FLOOR

Low Prices at Root

(Continued from page 1)

ucts, in some cases lower than at the beginning of the war.

For a year there were two notable exceptions to this general rule, bacon and butter. The first is important because it is based on a huge annual export to Great Britain and farmers in every province of Canada were interested. Hogs, raw material for breakfast bacon, are universal animals in the Canadian farm economy, being almost equally well adapted to the great grain growing districts of the West as to the specialized dairy farms in eastern Canada and British Columbia.

Butter, while not important at all in Canada's export trade, ranks very high in the domestic market. Canadians are probably the largest butter consumers per capita in the world, with the average city family spending almost twice as much on this commodity as on bread. And because of this widespread use in the cities, its highly fluctuating price and its protective tariff butter has often been front-page news. It is credited with having upset at least one Dominion election in recent years.

Back of Crisis

This winter, bacon, butter and wheat acreage came into the spotlight and farm discontent boiled up.

First upset was bacon. Before the war the export of this product to Britain had assumed large and profitable proportions. Shortly after hostilities commenced an agreement was signed with the United Kingdom whereby Canadian farmers were assured of an annual export of approximately $50 millions of bacon a year at a profitable guaranteed price. Last fall this agreement came up for renewal and while a somewhat larger quota was granted, the price per pound was reduced. A good deal of dissatisfaction resulted.

Shortly afterward the Dominion Government finally inaugurated compulsory grading of hog carcasses, or "rail grading." Hog shippers were paid according to the grade of hogs after slaughtering. Previously the hogs had been graded alive. In both instances Government officials did the appraising.

Rail Grading

Actually demand for carcass grading originated with the farmers themselves, but the results were not to their liking. There have been numerous complaints. Much of the trouble seems to trace to a lack of information concerning the various dockages. A farmer will ship, say, a dozen hogs. His return will show that perhaps premiums have been paid on two of the animals, four have received the average price, the others have been docked a dollar or more a head. Originally it was planned that with each statement of grade and price there would have been a detailed explanation as to what was wrong with the docked hogs, but seemingly the grades are so complicated that any information passed back to the producers has been unintelligible.

Another factor has been the unusually heavy runs of hogs in recent months, easily the greatest in the history of the industry.

Graders, The Post is informed, have had only about seven seconds to size up a carcass as it slid past on the overhead rail at the abattoirs. Even in that limited time appraisal by experts is possible, but not the jotting down of particulars. Hence the educational side of grading received scant attention and farmers with too heavy or too light hogs thought they were not getting a square deal.

Confusing Butter Move

There was similar lack of necessary information in regard to butter. Prices started moving up sharply this winter as stocks in storage dwindled. Then a maximum price was ordered with no explanation as to who was responsible for it. There was some vague talk about speculators, but the trade and the producers were sceptical. The latter saw in the move an attempt to throttle profits on about the only farm line which showed indications of moving up in price. As a matter of fact, the fixed butter price is less than half of that which prevailed during the first Great War and substantially less than the level of 1926-29. And farmers argued that it was the level of 1926-29 that is the yardstick the Government has approved for industrial labor during this war.

Of course the butter picture is unusually complicated. There is a national ban on the manufacture of substitutes like oleo margarine. If a shortage developed this ban might have been lifted, though dairy interests would have protested, in fact, already are protesting the possibility of such a move. There is also a substantial tariff on imports of butter. This could be lifted and eventually it is believed New Zealand butter would enter in sufficient quantity to stabilize prices. But here again the Government would face loud criticism from the producers.

Cheese Tie-up

Ottawa has hinted that one reason for keeping butter prices low is to stimulate the price of cheese and we have a big guaranteed market for cheese in Great Britain if we can fill it. The weakness of this argument, of course, lies in the fact that the bulk of Canadian cheese is produced between the end of April and the first of October, and before that time the whole situation may be completely altered, The Post is informed. Already milk production in the western provinces is jumping forward. By late spring, it is predicted, the excitement over a maximum price for butter and fear of shortage will have been forgotten. Chief worry then will be the later declared minimum price, which may have to be bolstered either by a subsidy or a police force.

The wheat problem is less complicated but conceded to be the most dangerous of all. There was heavy carryover of wheat before the war and worries regarding markets. There was a little relief and heavy sales immediately after war broke out. But big crops continued and since last spring overseas sales have been relatively small. Great Britain is left the only major importer open to Canada.

Canadian carryover of wheat at the end of the present crop year next July 31 may amount to 500 million bushels, or about a hundred million bushels more than total permanent commercial storage. On top of this may come another half billion crop. Already the Dominion Government is heavily committed with a fixed minimum price of 70 cents per bushel. Storage charges on unsold wheat are mounting at the rate of $3 millions a month.

Because of congested storage last fall farm deliveries were limited. Next spring, thousands of western farmers fear that acreage may also be restricted. There has been agitation against such a move for months from western agricultural organizations, but little practical advice from the same source on how the Canadian Government is to find the money necessary to finance the present huge wheat acreage and a war too.

DIVIDEND NOTICES

BANK OF MONTREAL

Established 1817

DIVIDEND NO. 311

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after SATURDAY, the FIRST day of MARCH next, to Shareholders of record at close of business on 31st January, 1941.

By Order of the Board

JACKSON DODDS, General Manager — G. W. SPINNEY, General Manager

Montreal, 21st January, 1941.

Sullivan Consolidated Mines, Limited

Dividend No. 10

Notice is hereby given that a dividend of three cents per share on the issued capital stock of the company has been declared, payable March 15th, 1941, to shareholders of record at the close of business, February 15th, 1941.

By order of the Board.

A. ARCHAMBAULT, Secretary-Treasurer.

DIVIDEND NOTICE — HIRAM WALKER-GOODERHAM & WORTS LIMITED

DIVIDEND No. 74

A quarterly dividend of 25c a share has been declared on the outstanding no par value Cumulative Dividend Redeemable Preference Stock of this Company, payable Saturday, March 15, 1941 to shareholders of record at the close of business on Friday, February 14.

DIVIDEND No. 75

A dividend of $1.00 a share has been declared on the outstanding no par value Common Stock of this Company payable Saturday, March 15, 1941 to shareholders of record at the close of business on Friday, February 14.

By Order of the Board,

FLETCHER RUARK, Secretary.

Walkerville, Canada

January 14, 1941.

The Mexican Light and Power Company, Limited

(Incorporated under the Laws of the Dominion of Canada.)

NOTICE

TO THE HOLDERS OF THE 5% FIRST MORTGAGE BONDS OF THE MEXICAN LIGHT AND POWER COMPANY, LIMITED:

NOTICE IS HEREBY GIVEN that The Mexican Light and Power Company, Limited, will, on and after the 1st day of February, 1941, pay interest at the rate of 5% per annum on the said bonds (the principal of which matured on the 1st day of February, 1940), for the half-yearly period from August 1st, 1940, to February 1st, 1941.

As no coupon is attached to the bonds in respect of such half-yearly period, it has been arranged (as was done in connection with the preceding six-months period) that payment will be made against presentation of the bonds for endorsement thereon of a memorandum of such payment, at the chief office of the Bank of Montreal in the City of Montreal or in the City of Toronto, Canada, or at the Agency of the Bank of Montreal in the City of New York, U.S.A., or at the chief office of the Bank of Montreal in the City of London, England.

As under war conditions it would be difficult, if not impossible, for many holders to present their bonds in New York, the Company has made arrangements that no matter at which of the above mentioned places the bonds are presented, interest for the said period will be paid on this occasion in United States funds, which in England and Canada will be subject to exchange control. Such action is not, however, to be considered a precedent or as a waiver of any of the Company's rights with respect to the funds in which interest may be payable under the bonds or the trust deeds securing the same.

DATED this 25th day of January, 1941.

THE MEXICAN LIGHT AND POWER COMPANY, LIMITED,

R. H. MERRY, Secretary.

NOTE 1: As you have already been advised, inevitable delays were encountered in the preparation of proposals to be submitted to the holders of the Company's securities, owing to conditions arising out of the war. These delays made it impossible to submit the proposals to the bondholders in the autumn of last year, as hoped. As, however, the proposals have now been agreed to in principle, it is expected that the necessary meetings can be called in the comparatively near future unless further delays occur owing to present abnormal conditions.

NOTE 2: To avoid the inconvenience of depositing bonds for the meeting to be held, holders are recommended to take advantage of the facilities provided for registering their bonds at any of the places where interest is payable. Such registration will be carried out free of cost to the holders.

DIVIDEND NOTICES

Loblaw Groceterias Co. Limited

NOTICE is hereby given that a quarterly dividend of 25 cents per share on the Class "A" shares, and a quarterly dividend of 25 cents per share on the Class "B" shares of the Company have been declared for the quarter ending February 28th, 1941, payable on the 1st day of March, 1941, to shareholders of record at the close of business on the 10th day of February, 1941. The transfer books will not be closed. Payment will be made in Canadian funds.

By Order of the Board,

R. G. MEECH, Secretary.

Toronto, January 24th, 1941.

Canadian Malartic Gold Mines Limited

25 King Street West, Toronto.

DIVIDEND NO. 12

NOTICE IS HEREBY GIVEN that a dividend of 2 cents per share has been declared by the Directors of Canadian Malartic Gold Mines Limited, payable in Canadian funds on March 26th, 1941, to shareholders of record March 8th, 1941.

Payment of this dividend is, under present conditions, subject to obtaining the approval of the Foreign Exchange Control Board.

By order of the board,

H. WHITTINGHAM, Secretary-Treasurer.

January 28th, 1941.

DIVIDEND NOTICE — COMMOIL LIMITED

NOTICE is hereby given that an Interim Dividend of 1c per share has been declared on the outstanding no par value shares of the Company, payable February 25th, 1941, to shareholders of record at the close of business, February 14th, 1941.

The transfer books of the Company will not be closed.

By Order of the Board,

G. J. McKAY, Secretary.

January 15th, 1941.

Bathurst Power & Paper Co., Ltd.

Notice of Dividend on Class "A" Shares

Notice is hereby given that a Dividend of Twenty-five Cents (25c) per share on the outstanding Class "A" shares of the Company has been declared payable on the 1st day of March, 1941, to shareholders of record at the close of business on the 14th day of February, 1941.

H. J. WEBB, Secretary-Treasurer.

Montreal, January 27th, 1941.

Photo Engravers & Electrotypers Limited

DIVIDEND No. 32

Notice is hereby given that a dividend of Fifty Cents per share has been declared on the no par value stock of this Company, payable March 1st, 1941, to Shareholders of record at the close of business on the 15th day of February, 1941.

The Transfer books will not be closed.

By order of the Board.

JAMES RICHARDS, Secretary-Treasurer.

Toronto—January 27, 1941.

Freight Offer Stirs Interest

Proposed Feed Grain Subsidy Helps Farming But May Hit Trade

From Our Own Correspondent

MONTREAL.—As spokesman for the Quebec Government, Hon. J. Arthur Mathewson, provincial treasurer, announces the Dominion Government's offer to pay half the cost of moving feed from the head of the lakes to farmers in Quebec province is a "reasonable, constructive and highly commendable project."

The Dominion offer is contingent upon the provincial governments of Ontario, Quebec and the Maritimes paying the balance of freight charges and providing for shipping arrangements.

It is pointed out that if the proposal is adopted feed prices will be stabilized at prices that will encourage milk production. With a shortage of butter prevailing in the Dominion and a huge commitment for cheese for export to the U. K., this result would be of great benefit to Canadian agriculture.

See Difficulties

Grain merchants are attempting to calculate the probable market effect of the announcement by the Dominion Government that it will pay half the freight cost of moving feed grain from western Canada to eastern provinces. To the extent that this actually produces an increased movement of such grain over what would normally take place, the expected tendency would be to increase prices at the head of the lakes. But the Government-sponsored move is intended to make feed grains cheaper in eastern Canada. In consequence, so long as the movement in question continues, the commercial movement of such grain through ordinary channels is likely to come to a stop, as grain merchants would be unable to recover their costs if feed grain were moved through usual channels.

Merchants already owning such grain in the East would be in danger of having a loss forced upon them by having to sell at prices below their costs. Actually, there is not a great deal of western feed grain in the East.

Week in Wheat

May Double Storage At Head of Lakes

Elevator Companies May Each Build Temporary Shelters — Central Government Structure Considered Impractical — Discuss Acreage Reduction

From Our Own Correspondent

OTTAWA.—Grain storage capacity at the head of the lakes may be increased by 50 million bushels or over 50% as a result of discussions during the past week between members of the Cabinet wheat committee, the Board of Grain Commissioners, the Wheat Board and members of the grain trade. This would implement the undertaking already given by the Government that before the end of next July western farmers would be enabled to deliver all their saleable wheat from the 1940 crop.

The plan now favored is for each company now operating terminal elevators to build a temporary annex or perhaps several annexes adjacent to its own property to be filled therefrom after wheat is cleaned. These structures built of timber would be demolished whenever increasing exports make it possible to liquidate a portion of Canada's surplus wheat.

A previous suggestion to have the Government build one huge temporary storage has been abandoned. Such would have been cheaper, but there would have been serious danger of grain going out of condition with no chance to treat it properly. Switching and handling charges would also have been higher.

It is believed that the grain companies can finance the additional storage required if there is reasonable assurance that storage rates will not be further reduced.

Government Policy

There seems little likelihood now of the Government announcing any policy designed specifically to reduce next year's wheat acreage. For one thing farmers have been so insistent against it that it is doubtful whether Ottawa would care to face this opposition. There may be some efforts, however, to have the Government responsibility regarding future yields lightened. It is argued that in any event farmers will probably switch to coarse grains and to livestock to as great an extent as possible. As to the wheat inevitably left in farmers' hands, a plan of lending money to farmers to enable them to erect farm granaries is considered likely. They would earn enough farm storage in something over a year to cover the cost of such buildings. Requests from farmers for advances against farm-stored grain, however, while they may be repeated next fall, are not thought likely to be granted. No one seems to expect that any further storage is likely to be built after the additions required for the 1940 crop are completed.

* * *

Insect Damage

Up to the present chief concern as to possible insect damage to stored wheat has been on the part of country elevator operators. These have been taking the necessary steps to cope with the danger by turning grain whenever there is any evidence that insects have gained the slightest foothold. Now the Government of Manitoba is circularizing farmers, urging them to look well to the condition of grain stored on their farms. If insects are suspected, or if there is evidence of damage, farmers are urged to treat grain as do the elevator companies, namely, turn it over and keep doing it until the insects are killed.

* * *

Small Australian Crop

Latest reports from Australia indicate that the wheat crop of 1940 was even smaller than at first supposed. Now total production is placed at only 85 million bushels. This situation, however, is apparently giving less concern than might be expected in Australia, as no one knows how any greater quantity could have been marketed.

* * *

Argentine Sales

An English source estimates that Great Britain may buy possibly as much as 37 million bushels of Argentine wheat during the current calendar year. This estimate, however, is qualified by the statement that such a purchase would be contingent on freight space being available for its movement. The trade generally believes that it would be considered wasteful of ocean shipping to send vessels to Argentina for wheat when alternative supplies could be secured from Canada much more easily. While some vessels are bound to continue in the Argentine trade the limited amount of freight space they can afford is likely to be absorbed by the movement either of meat or of corn.

Commodities

Price Controls Affect Markets

Stabilization Move in U. S. Checks Any Tendency to Advance

Although consumption of raw materials by industry is reported to have accelerated considerably in recent weeks, commodity markets have failed to show any marked improvement. The continued indecision is attributed partly to the debate on the U. S. lease-lend bill. The conviction prevails that the eventual effect of this will be to strengthen prices. But meanwhile the probability of its passing fails to have any effect marketwise.

A more important factor restraining market enthusiasm is the virtual certainty that government controls will prevent any wide advances in commodity markets. This feeling was strengthened when the Price Stabilization Division of the Advisory Commission on National Defense in the United States set price limits on copper, zinc, steel scrap and southern pine, the first departure from the moral suasion method.

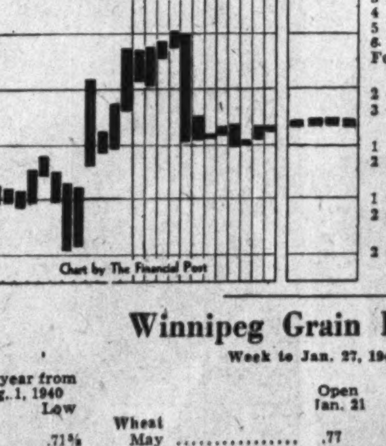
In the agricultural markets, increased consumption of beef in Canada and the United States were reflected in a further advance in cattle prices with hogs also rising slightly.

	Latest week	Previous week	Same week last yr.
Cattle	$10.25	$10.00	$8.00
Hogs	11.40	11.10	12.25
Copper, lb.	.12	.12	.12
Cotton, lb.	.1089	.1059	.1110
Rubber, lb.	.1950	.1962	.1868
Silk, lb.	2.55½	2.56	3.31½
Sugar, raw, lb.	.0295	.0292	3.0285
Wheat, Man. (bu.)	.74¼	.74	.82⅝
Coffee, lb.	.05¼	.05¼	.05⅝
Hides	.13¼	.13½	.13
Weekly Indices			
Canada (D.B.S.)	84.6	84.3	82.4
Do., Wood, Gundy	67.1	67.1	68.2
U. S. Labor	80.6	80.2	79.3
Dow Jones (future)	56.55	56.98	59.30
Fishers'	86.1	86.1	85.4
Monthly Indices			
Canada (D.B.S.):			
Retail (Dec.)*	108.0	107.8	103.8
W'sale (Nov.)	84.0	83.3	80.4
U. S. (Sept.)	78.0	77.4	79.1

Note:—The base of indices is that 1926 equals 100. *Base 1935-39 = 100.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light

Wheat Prices



Cash Quotations

	For Week Jan. 27 High	For Week Jan. 27 Low	Prev. Week *High	Prev. Week Low
Wheat:				
1 hard	.74⅜	.73¾	.74½	.74
1 Nor.	.74⅜	.73¾	.74½	.74
2 Nor.	.71¾	.71¼	.72⅛	.71⅛
3 Nor.	.68⅝	.68⅜	.69	.68⅜
4 Nor.	.66⅛	.65¾	.66⅝	.65⅞
5 Wheat	.64⅛	.63¾	.65	.64
6 Wheat	.63⅝	.63¼	.64	.62⅞
Feed	.61⅝	.61¼	.62	.60⅞
Oats:				
2 C. W.	.34⅛	.33	.34⅛	.33⅜
3 C. W.	.32⅜	.31½	.32⅜	.31⅞
Barley:				
1 Feed	.44	.42⅝	.43⅛	.42¾
2 Feed	.43¼	.41⅞	.42⅝	.41⅞
Flax:				
1 C. W.	1.59	1.53¾	1.56⅞	1.48⅞
2 C. W.	1.55¾	1.50½	1.53⅜	1.44⅞
Rye:				
2 C. W.	.47¼	.46	.47¼	.46½

Winnipeg Grain Futures

Week to Jan. 27, 1941

Crop year from Aug. 1, 1940 High	Low		Open Jan. 21	High for week	Low for week	Close Jan. 27	Close year ago
		Wheat					
.78¾	.71⅝	May	.77	.77¾	.76⅝	.77	.85⅝
.80½	.77½	July	.78⅛	.79	.78⅜	.78¾	.86⅜
		Oats					
.35⅞	.26⅝	May	.34⅞	.35⅞	.34⅜	.35⅜	.40¼
.33⅞	.29½	July	.33⅛	.33⅞	.32¾	.33⅞	.39
.32	.31	Oct.	.31⅛	.31⅞	.31	.31¾	.34⅞
		Barley					
.46⅞	.33⅜	May	.45	.46½	.44⅜	.46⅛	.52⅞
.44⅞	.39⅞	July	.43⅛	.44⅛	.42⅞	.43⅞	.51⅜
		Flax					
1.63¼	1.16	May	1.61¼	1.63¼	1.56½	1.60½	1.95¼
1.62	1.29½	July	1.59⅝	[illegible]	[illegible]	1.58⅝	1.92¾
1.58¼	1.48¼	Oct.	1.58¼	[illegible]	1.53⅛	1.54⅛	1.37
		Rye					
.52	.44¼	May	.49	.50⅛	.48⅜	.49¾	.78¼
.51⅝	.46⅛	July	.49⅝	.50⅝	.48⅛	.49½	.76⅝

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Swift Canadian Doubles Profits

Swift Canadian Co., wholly owned subsidiary of Swift & Co., leading United States meat packers, had net profit in the year ended Oct. 26, 1940, of $394,109. This figure, taken from the annual report of the parent company, is in U. S. dollars, converted from Canadian at prevailing exchange rates of approximately 90 cents to the dollar. Comparative figures for 1939 show net profit of $143,666 after taking $232,932 loss in dismantling and retirement of fixed property.

The Canadian company had net current assets of $8.1 millions in U. S. dollars at Oct. 26 last. Other assets of Swift Canadian totalled $6.6 millions, taken at the U. S. dollar cost at date of acquisition. Net current assets at Oct. 28, 1939, totalled $7.7 millions and other assets $6.4 millions.

Swift Canadian had an earned surplus of $1.3 million, included in the consolidated balance sheet, after increasing the capital stock out of earned surplus from $5 millions to $12 millions. At Oct. 28, 1939, earned surplus of Swift Canadian amounted to $7.8 millions.

THE VICTORIA TRUST AND SAVINGS COMPANY

LINDSAY, ONTARIO

Balance Sheet — December 31st, 1940

ASSETS

Capital Account—		
Office Premises and Land, Lindsay and Cannington	$	26,700.00
Other Real Estate—		
Farm Properties		70,018.16
City Properties		142,774.38
Advances to Estates and Agencies Under Administration		17,974.68
Suspense		961.48
Property Equipment		3,975.00
Wheat held (Dominion Government Guaranteed Price)		34,433.04
Mortgages and Agreements For Sale—		
Principal	$1,168,291.82	
Interest Due and Accrued	37,413.97	1,205,705.79
Bonds and Debentures—		
Ontario Municipal, School District and Rural Telephone Bonds	27,280.79	
Canadian Corporation Bonds	5,982.50	33,263.29
Stocks		1,811.00
Loans on Company's Stock		9,816.41
Loans on Other Securities		35,198.64
Cash on Hand and in Bank		64,493.36
Total Capital Assets		$ 1,647,125.23
GUARANTEED TRUST ACCOUNT		
Mortgages—		
Principal	$5,305,979.53	
Interest Due and Accrued	165,190.86	5,471,170.39
Bonds and Debentures—		
Government and Government Guaranteed Bonds	620,353.51	
Canadian Municipal, Rural Telephone and School District Bonds	283,415.11	
Canadian Corporation Bonds	320,388.95	
Foreign Corporation Bonds	37,969.69	
Foreign Government Bonds	51,320.00	1,313,647.26
Stocks		276,318.70
Loans on Other Securities		12,598.80
Wheat held (Dominion Government Guaranteed Price)		43,110.21
Cash on Hand and in Banks		78,072.88
Total Guaranteed Trust Assets		$ 7,194,918.24
ESTATES DEPARTMENT		
Investments, etc., held in Trust for Estates and Agencies		1,776,849.57
		$10,618,893.04

LIABILITIES

CAPITAL ACCOUNT	
Capital Stock Subscribed and Fully Paid	$ 810,000.00
Reserve Fund	400,000.00
Investment Reserve	385,000.00
Reserve for Federal Income and Excess Profits and Provincial Taxes payable 1941	17,200.00
Dividends Declared and Payable January 2, 1941	8,100.00
Due to Mortgagors	1,530.00
Balance at Credit of Profit and Loss Account	25,295.23
Total Capital Liabilities	$ 1,647,125.23
GUARANTEED TRUST ACCOUNT	
Guaranteed Investment Receipts	$ 5,565,523.59
Trust Deposits	1,629,394.65
Total Guaranteed Trust Liabilities	$ 7,194,918.24
ESTATES DEPARTMENT	
Estates Trusts and Agency Account	$ 1,758,874.89
Due to Company Funds	17,974.68
	$10,618,893.04

W. FLAVELLE, President. — C. E. WEEKS, Managing Director.

AUDITORS' CERTIFICATE

We have audited the Books and Accounts of The Victoria Trust and Saving's Company for the year ended December 31st, 1940, verified the Investment Securities, Cash on Hand, and the Balances in Banks. We have, after due consideration formed an independent opinion of the Company as at December 31st, 1940 and we certify that in our opinion so formed, according to the best of our information and the explanations given us, the accompanying Balance Sheet with the related Profit and Loss Account sets forth fairly and truly the position of the Company on that date.

We certify that all transactions of the Company that have come within our notice have been within the powers of the Company.

LINDSAY, Ontario, January 16th, 1941.

RUTHERFORD WILLIAMSON (F.C.A.)
HAROLD A. SHIACH (F. C. A.) Auditors.

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Week in Mining

Control Over Metals Is Made Tighter

Export of New List of Non-Ferrous Metals and Products Made Subject to Permit of National Revenue Department

Closing down on the export of metals or metal products which may be essential to successful prosecution of Canada's war effort, an order-in-council was published early this week, in an extra edition of the Canada Gazette, prohibiting export of a large number of non-ferrous metals and products, except under permit of the National Revenue Department.

Reasons advanced in the order-in-council for the last move were to provide export control over articles "deemed capable of being converted or made useful in the production of arms, ammunition, implements or munitions of war, or military and naval stores," and to "safeguard domestic and military requirements for such articles and to carry out more effectively the regulations respecting trading with the enemy."

* * *

Close Loopholes

New regulations close most of the loopholes not covered by previous orders-in-council which dealt with copper, nickel, zinc, scrap iron, steel and a number of other minerals. To former items are now added the list given below:

Non-ferrous Metals:

Antimony ores, concentrates, metal alloys in crude and semi-fabricated form and antimony compounds.
Beryllium ores and concentrates, metals and alloys.
Brass, bronze.
Metallic magnesium and alloys, crude semi-fabricated and scrap, containing in excess of 10% magnesium.
Mercury ores and concentrates, metallic mercury and compounds.
Tin metal, alloys containing in excess of 5% tin in crude and semi-fabricated form; tin plate scrap and other scrap materials plated with metal containing tin, and other tin or tin alloy scrap and wastes.

Ferro-Alloys:

Titanium and titanium ores.
Vanadium ore and concentrates; alloys containing in excess of 10% vanadium and vanadium compounds.

Other Industrial Minerals:

Borax.
Chromite crude containing chromium in excess of 10% in semi-fabricated or fabricated form.
Flake graphite, graphite crucibles, retorts and stoppers.
Magnesia, including crude or calcined rock, excepting dolomite, containing magnesia in excess of 20% in semi-fabricated or fabricated form.

* * *

Manitoba's Mines Expand

Rapid expansion of mining in Canada is typified by the experience of Manitoba. In 1930—the year in which the province took over its own natural resources—mineral production was less than a million dollars, $840,248 to be exact.

According to a recent statement of the Manitoba Government, production of metal wealth in 1940 reached the value of approximately $15 millions. Copper and zinc have shown broad increases. Both these metals are of first importance in the manufacture of munitions and war supplies.

Gold and silver produced are part of Manitoba's contribution to meeting the country's tremendous commitments abroad. Under the agreement with the British Government a total of 74.5 million pounds of copper and approximately the same amount of zinc are to be supplied each year at prices which are considerably less than half those which Britain was compelled to pay during the war of 25 years ago.

Week in Oils

Blood Indian Reserve May Prove New Field

From Our Own Correspondent

CALGARY.—With the Princess-Steveville area now definitely proved as a new commercial oil field, and preparations for development on a large scale now getting under way, the immediate centre of interest in the Alberta oil industry is the Blood Indian Reserve, located just east of the foothills in the southwestern corner of the province.

The Blood Reserve's important test, Northwest-West No. 1, was on the verge of completion this week, with hopes high that the well would either develop into a commercial oil producer, or would give results sufficiently favorable to warrant further development in the area.

Early in the week core-drilling was proceeding below 6,202 ft., 84 ft. in the Madison limestone, with completion expected about 150 ft. in the Madison.

Bailing Shows Crude

Raising hopes for the test was authoritative information that satisfactory oil saturation has been encountered in the lime to date, although to present depth no great volume of gas has been found. The lime, to present depth at least, is reported free of water.

A bailing test was made about 20 ft. in the lime. Some crude oil was recovered, and tests showed it to be somewhat similar in base to the Turner Valley Madison lime product, with a gravity of 36.5 degrees API, only a few degrees heavier than the Turner Valley average gravity.

Meanwhile, with several groups drafting plans for development of their holdings in the Princess-Steveville area, the Conservation Board has taken steps to ensure orderly and non-wasteful drilling.

* * *

New Home Producer

Turner Valley has a new major oil producer. Home Millarville No. 1, recent North End completion, has shown an average yield of 75 bbls. hourly in an eight-hour run of flush production following acid treatment of the two upper porous sections found at this well. The first zone, a narrow section in a 200-ft. lime section found above the main body of lime, is rated at 25 bbls. hourly following acidization. The main upper porous, in the main body of lime, is rated at 50 bbls. hourly. The thick lower zone is now being opened for acidization, with a further step-up of the well's yield looked for.

* * *

Turner Drilling at Peak

Drilling activity in Turner Valley continues at record levels, with 23 wells making footage on Monday of this week, and two more wells slated to spud in by mid-week. The new ventures are Royalite No. 55, in L. S. D. 77-19-2w5 on the central flank, and Major Oil Investments No. 2, in L. S. D. 12 4-21-3w5, on the North Turner Valley extension.

Alberta oil production in the first six months of 1941 will be at least 30% greater than the yield in the same period of 1940, and not far short of 50% greater than the yield in the first half of 1939, according to an estimate made this week by the "Oil Bulletin," Calgary oil journal.

Mexican Light Pays Interest

Payment of interest on the 5% first mortgage bonds of Mexican Light & Power Co. on Feb. 1, 1941, has been announced by the company. Payment is to be at the rate of 5% for the period Aug. 1, 1940, to Feb. 1, 1941.

Since the bonds matured Feb. 1, 1940, no coupons are attached, and payment will be made on presentation of the bonds for endorsement to the chief office of the Bank of Montreal in Montreal or Toronto; Agency of the Bank of Montreal in New York, or the Bank's main office in London, Eng.

Plans for meeting principal on the bonds have been agreed to in principle, the company states. It is expected that these plans will be submitted to meetings in the comparatively near future. Delays resulting from the war and abnormal conditions prevented the submission of proposals to bondholders in the autumn of 1940, as hoped.

Noranda Drills Chadbourne

A programme of surface drilling is now being carried on by Noranda Mines on the Chadbourne section of its property, it is reported. Two drills are at work. One is working a short distance from the old Chadbourne shaft while the second drill is drilling in the valley to the north.

The Chadbourne property has been drilled before and a drift on Noranda's 975-ft. level is reported to have been used to partially explore a large rhyolite-breccia gold area. This area is usually thought of as a potential supply source for lower grade fluxing gold ore.

Record Quarter For Broulan

Profits For Year Equal 22.2 Cents a Share After Everything But Taxes

Record profits were experienced by Broulan Porcupine Mines in the last quarter of 1940 with net earnings for the period amounting to $200,685 equal to 7.4 cents a share after all charges except Federal and provincial taxes. In the previous quarter profit on the same basis was $153,373 equal to 5.7 cents a share.

The sharp increase in profits the last quarter was chiefly due to a bullion clean-up in the Mace mill amounting to $64,746. Without this, however, production was still a new record at $299,027 from 30,419 tons of ore, an average recovery of $9.83 a ton against $296,575 from 27,013 tons of ore and average recovery of $10.98 a ton the preceding quarter which had been the previous record.

Production $1,190,484

Total production for 1940 amounted to $1,190,484 from 110,637 tons of ore milled, an average recovery of $10.76 a ton. Operating profit was $677,888 with net profit of $599,275 or 22.2 cents a share after all charges except taxes.

The new Broulan mill which was completed and run in during the latter part of October, was operated at slightly below capacity during November and December. The mill is expected to be operating at over its rated capacity of 300 tons daily early in 1941. After starting new mill, production was continued in the leased Mace mill at a reduced tonnage and was finally discontinued at the end of November.

Due to the rebuilding of the ore bin and installation of new sorting equipment, sorting was discontinued from Oct. 1 until early in December. The total quantity of waste sorted out was equal to 4% of the ore hoisted during the quarter as compared with 15% in the third quarter. This resulted in a lower recovery than in the previous quarter.

Operating cost per ton in the fourth quarter was practically the same as in the previous quarter. With the new mill in operation, it is anticipated that operating costs should show a substantial reduction early in 1941.

Upper Canada To Sink Shaft

New Opening to Be Located Half Mile West of Present Outlet

As soon as snow is off the ground this spring, Upper Canada Mines plans to start the sinking of a new shaft about a half mile west of the present shaft. This new shaft will allow exploration of the western extension of the main ore zone, indicated by surface drilling for a length of 1,200 ft. west of the present workings.

The new shaft will be of three compartments but definite location of the new shaft will not be chosen till the snow disappears. Final details have not been arranged but officials expected the shaft will be put down either to the 500 or 1,000-ft. horizon initially. Plans call for the 375 and 1,000-ft. levels to be main haulage ways.

Install New Hoist

The hoist which has been used at the present shaft will be used for sinking the new one with delivery of a new hoist expected on the property in the next month or two. The new hoist will allow the carrying of operations to a depth of 2,500 or 3,000 ft. depth at the main shaft.

Delivery of a new 1,500-ft. compressor is expected to allow an extension of the present development programme shortly. The additional air supply will facilitate opening up of the 375 and 1,000-ft. levels. Just now all available air capacity is being fully utilized with no surplus for an expansion of operations.

Hollinger Net Edges Higher

Estimated Earnings For Last Year Equal to $1.17 a Share

Even though taxes doubled last year, Hollinger Consolidated Gold Mines was able to increase its net earnings for the period with estimated net profit of $5,771,099 equal to $1.17 a share compared with $5,682,429 or $1.15 a share for 1939. Figures in each case are before surplus adjustment.

Higher bullion production was the chief factor responsible for the greater 1940 earnings. Output for the year totalled $16,844,035 from 1,780,377 tons of ore for an average recovery of $9.46 a ton. In the previous year, recovery had amounted to $15,484,393 from 1,700,355 tons of ore milled with recovery averaging $9.11 a ton.

Income from investments, dividends, etc., also showed an increase in 1940 amounting to $566,460 against $451,869 the preceding year.

An increase in total operating expenses from $9,722,101 in 1939 to $11,067,509 in 1940 was chiefly due to an increase in taxation from $1,054,947 to $2,302,201. Mining costs were slightly higher but milling costs for the period were lower.

Will Sink Shaft On McLellan

Recent Financing By Haras Corp. Gave Funds For Contemplated Work

Sinking of a shaft on the property of McLellan Gold Mines is planned following recent financing by the company by Haras Corporation, Toronto. The company's property was taken over from McLellan Long Lac Gold Mines which received one million of the new company's shares for its interest.

It is anticipated that the shaft will be put down for the opening of two levels at 150-ft. intervals. In an extensive programme of diamond drilling carried out under McLellan Long Lac Gold Mines, two ore zones were indicated which will now be investigated underground. The property itself is located in the Little Long Lac area between Magnet Consolidated Mines on the west and the Elmos property of Tombill Gold Mines on the east, and south of Little Long Lac Gold Mines.

The north ore zone has a possible length of 500 ft. averaging $6 a ton across a width of 9 ft. while the south zone with a possible length of 540 ft. runs $4 a ton across 20 ft.

Authorized capital of the company is 3 million shares. Of the one million issued to McLellan Long Lac Gold Mines for property, 100,000 shares were payable as commission.

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Yama Drilling Gets Results

Two Flat Holes Both Return Ore Values in Latest Work

Underground exploration by drifting at Yama Gold Mines has now been supplemented by a renewed programme of diamond drilling. Two drill holes have returned results in new work which may prove of importance.

One short hole put out from the south wall of the CB zone east drift at the 375-ft. level has encountered spectacular high grade which ran 22.98 oz. over 6 inches in the core. This occurrence was only 5.5 ft. from an ore shoot on the 375-ft. level which shows an average grade of $15.05 over 2.1 ft. for the 42 ft. drifted on to date.

Second Drill Hole

Another diamond drill hole north from the same zone returned a value of $19.25 across 2 ft. in the BC high-grade zone and 40 ft. east of the area previously explored on that zone. Very little exploration has so far been done on the 375-ft. level in the BC zone area but on the 250-ft. level the BC zone averaged $7.10 across 6 ft. for 227 ft.

On the 375-ft. level the "F" zone has been drifted on for a length of 224 ft. which averaged $18.65 across 4 ft. for the drift length. This same zone is now being developed on the 500-ft. level, the drift averaging $24.45 across 3.61 ft.

On the 500-ft. level the west face of the "E" zone drift averages $49.66 across 2 ft.

Delivery has now been made of all equipment for test milling recently purchased from Tashota Gold Fields and satisfactory progress is being made on construction of the hydro line to the property.

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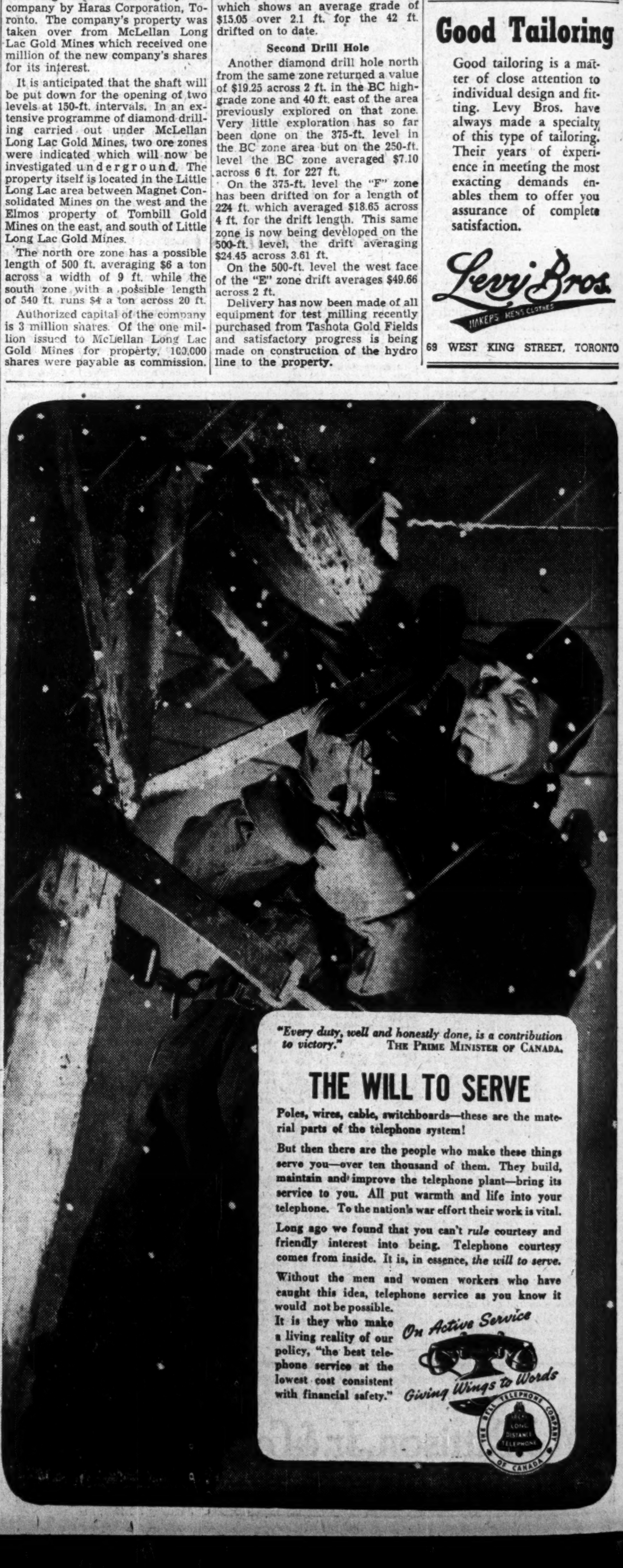

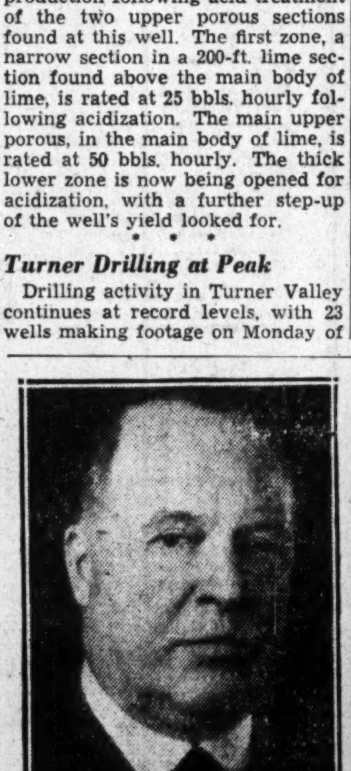
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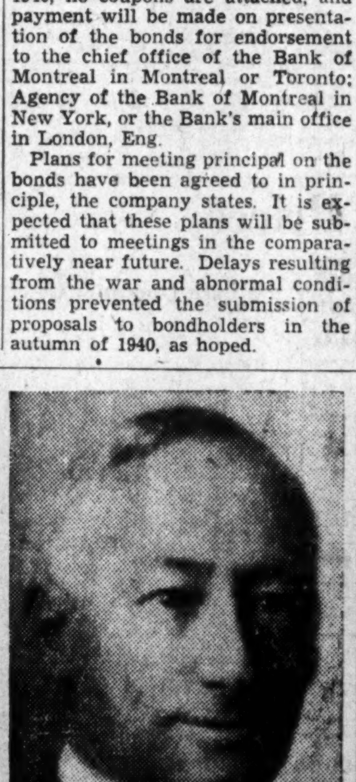
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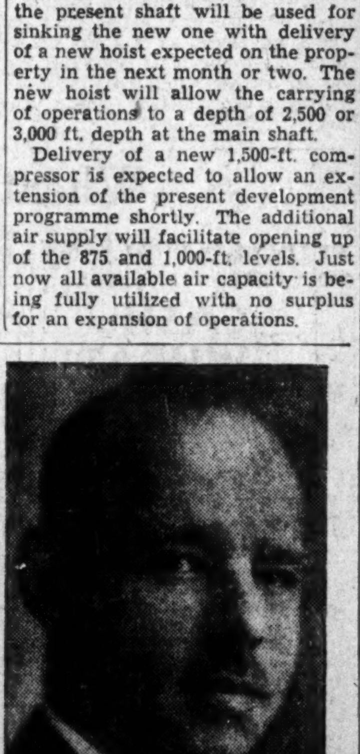

R. H. CRONYN

TRUST COMPANY CHANGES

Richard H. Cronyn has been elected a director of both the Huron & Erie Mortgage Corp. and the Canada Trust Co. to replace his brother, Flt.-Lieut. V. P. Cronyn, who has resigned to devote his full time to service with the R. C. A. F. J. E. McConnell, who has been a director of Canada Trust Co., has now been elected a director of Huron & Erie as well. J. W. Hobbs has been made a vice-president of Canada Trust Co.

Ventures Outlook Sparkles

La Luz Likely to Give Earnings a Sharp Boost

By GORDON M. GRANT
Staff Writer, The Financial Post

Last year brought sharp adjustment for Ventures Ltd. With Germany invading Norway, the company lost its most important source of income in Falconbridge Nickel Mines, forced to suspend dividend payments with refining facilities lost.

Offsetting the lost Falconbridge dividends, was the increased prosperity of other enterprises in which Ventures has placed money. Beattie Gold Mines and Coniaurum Mines—both controlled companies—increased dividend distributions; Matachewan Consolidated, Guysborough and Kerr-Addison, each started paying dividends for the first time. In total, however, this greater dividend flow was not sufficient to completely offset the Falconbridge situation.

But in spite of the trials of 1940, Ventures may possibly be approaching the most profitable period in the company's history. This current year may be no better than 1940 but 1942 may see an important change for the better in the company's affairs. Certain facts suggest this. Profits may not again reach the peak of 1936 but they may be established on a steadier, sounder basis: earning power from mining operations rather profits from the market.

La Luz Now King Pin

Development of La Luz Mines is the chief reason for believing that the position of Ventures may take the turn for the better. If this operation were in Canada rather than Nicaragua, Canadians would realize much better what a large undertaking it is—and how much in the way of profits it may possibly contribute to the Ventures treasury.

Now treating close to 1,000 tons of ore daily with a recovery of $7.50 a ton not unlikely ($8.53 a ton was recovered last November), La Luz can show total costs of around $3.50 a ton, indicating a net profit rate of around $1.5 millions a year. Ventures, either directly or through Sudbury Basin which it controls, holds an equity of 75 to 80% in profits. By use of flotation prior to cyanidation, the present cyanide unit would be capable of handling concentrates from 1,500 tons of mill ore per day. Thus profits as much as $2.25 millions a year are a real possibility for La Luz.

Falconbridge Nickel when it was operating normally used to provide $441,283 a year to the Ventures treasury. La Luz Mines may possibly exceed that figure in a year or so.

Now Building Liquid Assets

At the end of last September, La Luz current assets totalled amounted to $723,039 against current liabilities of $704,395. In spite of further capital expenditures, the end of the current year is expected to see a substantial working capital position built up if there is no untoward change in any one of the important factors, tonnage of ore treated, grade of ore, or general levels of costs. Relations with the Nicaraguan Government are reported favorable and no difficulties are feared on this score.

Ore reserves at the La Luz mine are sufficient for many years operations and could easily allow expansion beyond anything so far mentioned. Further expansion, however, remains something for the future to decide.

Falconbridge Shows Profit

Besides, La Luz, there are other reasons why affairs of Ventures may be on the mend. The Falconbridge situation slowly seems to be righting itself. In the last quarter of 1940 the company realized a profit of $75,505 against a loss of $116,154 the preceding quarter. Extra refining facilities of International Nickel Co. have allowed the company to operate at only two thirds of mine capacity but it has now been decided to go on full production of matte. Extra production will be mostly a war effort but stepping up to mine capacity is expected to have a favorable influence on unit costs.

Falconbridge officials have decided against erection of a new refinery in Canada although financial resources are believed sufficient to allow it. After the war, the company hopes to get back its Norwegian refinery. Of course, there is always the possibility of sabotage of the refinery if the Germans are forced from Norway. On the present basis of operations, the company's position is gradually being strengthened, metal inventories have been built up, returns from sales are now flowing in, and the company is showing that it can continue to operate profitably for the time being without its own refinery.

Dividend Payers Increase

Several new dividend payers cropped up in the Ventures investment portfolio during 1940. Two or three more may appear this year or next. In its last published report, Ventures stated that a 1.76% interest was held in Kerr-Addison Gold Mines through a shareholding in Proprietary Mines.

Proprietary has announced its intention in its last annual report of commencing regular dividends if Kerr-Addison continues regular distributions. Since then Kerr-Addison has declared another quarterly dividend of 5 cents a share so that Proprietary dividends appear close at hand.

After Proprietary, La Luz Mines looks like the most likely bet for early dividends. After that, Hoyle Gold Mines is possibly the best prospect for further Ventures dividend income. Either directly or through Sudbury Basin Mines, Ventures controls in the neighborhood of two million Hoyle shares.

No Major Obligations

From the shareholder's viewpoint, the fact that Ventures has now no major new developments under way appears to augur well for higher dividends. More than once in the past, criticism has been levelled at the Ventures management that they were too keen to plough back the bulk of profits into new enterprises—which might or might not be successful—with little cash remaining available for distributions to shareholders. That criticism cannot be levelled now.

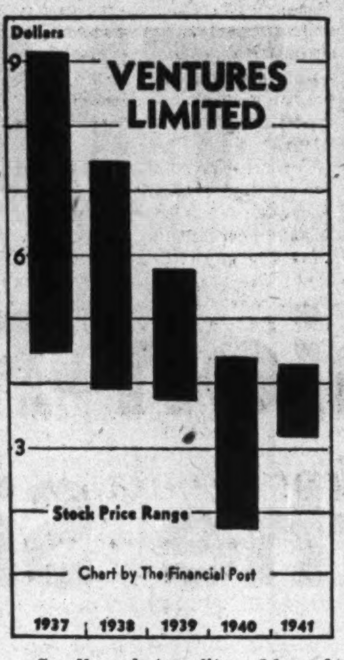
The only enterprise on which any quantity of money is being expended at present is Pascalis Gold Mines adjoining Perron Gold Mines in the Pascalis area, Quebec. This does not represent any heavy drain on the company's resources. Financing of Hoyle Gold Mines to production was partly arranged by a Hoyle bank loan and this removed what might have been a burden on the Venture's treasury.

Financing of Lake Dufault Mines was being carried on along with others but Waite Amulet Mines has now taken the Lake Dufault proposition under its wing and production will be reached without any drain on Ventures treasury.

Can Write-Offs Be Reduced?

An important factor in holding down profits available for distribution to shareholders in years past has been the necessity of transferring an important part of profit to investment reserve. Approximately $1.5 million has been transferred in this way over a seven-year period. A record figure of $350,000 was transferred in 1939.

Nothing official is available on the subject but it is possible that write-offs of securities may not have to be so heavy in the future. The company has not been engaging in the preliminary stages of exploration to any great extent the last year and expenditures on things that did not turn out have been a minimum. If the investment portfolio at the end of 1939 was in good shape, there may not have had to be big write-offs on 1940 account. Of course, it is impossible to tell what the position is in regard to such things as the development of alloys, etc.



Small market profits and loss of Falconbridge dividends have affected Ventures stock price but new irons are now heating to restore the company's lost earning power.

Reduction in write-offs could have an important effect in increasing the earnings available for dividends. In 1939, for instance the $350,000 transferred to investment reserve was only about $80,000 less than the total dividends received from Falconbridge Nickel Mines which was then making regular distributions.

Although elimination of dividends by Falconbridge in 1940 was a severe blow to Ventures, the dividend figures in an accompanying table reveal the way prosperity of other operations helped to keep up total dividend income last year.

Some additional dividends have been received besides those given there which are compiled on Ventures last reported shareholdings. The Ventures profit and loss statement for 1939 showed total dividends and interest received of $1,058,630.

In 1940, an initial dividend of 5 cents a share was declared by Guysborough Mines with Ventures understood to hold a large part of the 589,928 issued shares. A small amount was probably also received from other miscellaneous holdings such as Kerr-Addison and Sherritt-Gordon, details of which are not given out.

Following recapitalization of Ventures several years ago, 1,573,951 shares are outstanding. There have been no issues of stock in recent years. Finances for new enterprises have come entirely from dividends received and profits from enterprises in which the company has taken participations.

Where Ventures Gets Its Money

Company:	Shares held	Dividend Income 1940 $	Dividend Income 1939 $
Beattie Gold Mines	2,022,367	364,026	303,355
Canadian Malartic	467,373	37,390	42,064
Coniaurum	1,429,257	257,266	228,681
Falconbridge	1,325,130	99,385	397,539
Matachewan Cons.	918,655	18,373	......
Sudbury Basin	1,049,110	26,228	52,456
		802,668	1,024,095

East Malartic's Output Lower

Average Grade Lower Than Normal Due to Ore From East Stopes

Output of East Malartic Mines in December was the lowest of any month in 1940 with recovery of $218,153, coming from 42,565 tons of ore compared with $237,188 from 44,264 tons in November, which had been the previous low mark.

Decline in output in December is attributed to grade of ore milled being lower than normal with most of the ore drawn from lower grade stopes east of the shaft. Average grade is expected to be gradually increased as development ore from the new lower levels becomes available.

Mill Closed For Time

During December the mill was closed down for 79 hours while a new skip hoist motor was being installed, new lower levels connected up and the two primary ball mills relined.

One drill hole put out south from the station at the 1,120-ft. level intersected 29.8 ft. of ore with a $12.63 per ton cut grade. At the sixth level horizontal drilling south gave 13.1 ft. running $9.65 a ton. On the eighth level a width of 40.2 ft. was intersected averaging $6.06 a ton, at the ninth level, 40.1 ft. ran $5.86 a ton, while at the tenth level 46.3 ft. went $6.13 a ton.

During December development faces were advanced 232 ft. and stope development faces 266 ft. A total of 34,876 tons of ore were broken with cumulative broken reserves now 360,927 tons.

A new 2,000-ft. compressor has been erected.

Nickel Offsets is offering 280,000 shares to shareholders at 70 cents a share on the basis of one new share for each five now held. According to Walter Riddell, engineer in charge, 359,603 tons of ore have been indicated, averaging 1.91% nickel, 1.45% copper and carrying $1.98 a tons in precious metals.

How U. S. Groups Help Nazis

(Continued from page 9)

working for "permanent peace." He has denounced "propagandists for war" at home and "certain expatriates" who seek to have America become "a sort of tail-end of a foreign empire." He is 81 years old.

Leaders in Group

Herbert Hoover is honorary chairman of the "National Committee." The organizing committee consists of:

Henry P. Fletcher, New York lawyer.

P. C. Galpin, educator, active in foreign relief in last war.

M. Preston Goodfellow, Brooklyn publisher.

Richard W. Lawrence, part owner of Printers' Ink Publishing Co. and official of insurance companies and other corporations.

Lewis L. Strauss, partner in Kuhn, Loeb & Co., New York bankers.

W. Hallam Tuck.

Allan Wardwell, N. Y. lawyer and bank official.

Raymond S. Richmond, secretary.

Once anyone admits the complete unscrupulousness of Hitler and the other Nazi chiefs, the usefulness of the Hoover organization as a means of evading the British blockade becomes obvious. Here again this is not to say that any member of the organization wishes to help the Germans; such thoughts are probably far from their minds. But whatever their personal inclinations are, Germany no doubt rates the organization a useful one.

Direct Attack

Much more direct in its attempt to hobble Britain is the group which, early in January, called on Senator Burton K. Wheeler, isolationist leader. This was a delegation from an organization known as the American Peace Mobilization, which has its headquarters in New York City.

It has been organizing weekly visits to the capital, usually on Saturday, and urging the United States to stay out of war. After the interview with Senator Wheeler the 50 members of the delegation picketed the White House and Capitol, bearing placards which set forth that aid to Britain would inevitably lead the United States into the war.

The executive secretary of the American Peace Mobilization is Dr. Walter S. Neff, psychology instructor at the City College of New York. The organization opposes any attempt to revise, weaken or repeal the Johnson and Neutrality Acts. It also opposes the loaning or leasing of U. S. merchant ships to any of the belligerents.

It seeks the passage of legislation making it impossible for the executive authority of the Government to circumvent protective laws by loan or lease of war materials.

Stirs Labor Unrest

There have been German attempts to stir up labor trouble in the United States and to do anything else which can impede rearmament. It is thus interesting to note that this "Peace" organization also seeks the repeal of the Selective Service Act, the defeat of the Smith "no strike" bill and "all similar attempts to limit or deny to labor the right to bargain collectively and to strike as a last resort."

It may be doing the American Peace Mobilization an injustice to remark on the similarity between such prases and those used by German organizations in the United States and elsewhere.

To judge from its stated programme, the American Peace Mobilization would oppose any attempt by the U. S. Government to increase the working day if this was felt essential for the great rearmament programme. If so, it would be doing exactly what Germany would like it to do.

Irish Seize Chance

With the problem of Irish ports so much to the fore, the American Friends of Irish Neutrality have leaped into the breach. In December they held a protest meeting in New York City. Six thousand friends of Irish neutrality attended and passed a resolution protesting any attempt by any belligerent that would jeopardize the peace and territorial integrity of Ireland.

Needless to say this organization has set itself to oppose any attempt by the United States to mediate between British and the Irish Free State over the question of the Irish ports.

Recently, however, with the German bombings of the Irish Free State, they found themselves in a dilemma and have even sent a telegram of protest to the German chargé d'affaires in Washington.

Here again the usefulness to the Germans of Irish Republicans in the United States, irrespective of whether the Irish are pro-German or otherwise, is apparent.

Propaganda Chain

The New York Inquirer, edited by a rabid Irish Republican and anti-British agitator named William Griffin, has recently been publishing articles that bear the hallmark of German propaganda. One of these was a dispatch from Washington to the effect that Lord Lothian was in favor of ceding Danzig to Germany and otherwise conceding Hitler's "reasonable demands" to avert the war.

This story was immediately reproduced in pamphlet form and distributed through Flanders Hall, an important outlet for Nazi propaganda literature (especially pamphlets) in the U. S. It has the intriguing address of Scotch Plains, New Jersey.

It later developed that this distorted concept of Lord Lothian's character and career, presented under the brazen title of "Lord Lothian Died of Heartbreak," had been authored by Prescott Dennett. This same Dennett, a journalist and publicist who has lent himself to propaganda work in the past, has also been feeding out isolationist and anti-British agitation through an outfit he promoted, known as the Islands for Debts Committee.

Mr. Dennett himself has provided indications of a tie-up, though somewhat indirect, between his "Committee" and the America First Committee. Thus are the links in a chain established—from America First to Islands for Debts, through Mr. Dennett to the New York Inquirer and the Irish Republic appeasement agitators. From here the jump was short, direct and immediate to Flanders Hall, the German propaganda channel which picked up the Dennett story with such alacrity.

Fifth Column Wedge

This chain is but one of many connections which show how boldly, persistently and aggressively the direct Nazi propaganda agents work in the United States. They are making the most of every possible shading of isolationist-appeaser opinion. By direct propaganda and agitation, by using those who can be bought or influenced, and by capitalizing on the work of individuals or groups with more or less sincere motives, the Nazis are seeking to forge a powerful "fifth column" wedge.

With this they undoubtedly hope to pry the U. S. away from Britain, isolate the U. S. to bring both a negotiated peace now, and expose the western hemisphere to Nazi penetration later. As was pointed out by Sir Norman Angell in The Financial Post not long ago, the whole aim and nature of "Hitler's secret weapon" can be summed up in three words: Divide and Rule.

Alliance With Reds

In this campaign the Germans have had increasing collaboration from the Communists, those expert chameleons of disruptive agitation in the political, labor and class warfare fields. In the early months of the war the aid and comfort given the Nazis by the Reds was ostensibly on an indirect basis, aimed at sympathetic harassing of the common enemies of Berlin and Moscow.

This was carried on more or less furtively by the Reds in Canada, which ran for cover when the war started in apparent anticipation of the outlawing of the Communist Party last summer. It was conducted more openly and directly by the Red organization in the U. S., which, of course, overlooked no opportunity to use the motley array of false face groups and fellow travellers it has always employed to serve its ends.

Now the American Communists appear to have thrown their not inconsiderable energies and resources at the full disposal of the Nazis, but at the same time to have dived underground. The Red activities, by all indications, are now more than a parallel supplement to the Nazi drive to hobble Britain by creation of a "hold back" bloc in North America. The blindly faithful comrades have definitely joined hands with the Germans and perhaps with the Italians, in an agitation and propaganda alliance.

Work Combined

Previously agitation focused on the notion that the battle for democracy in Europe was "an imperialist war to exploit the workers." This has been extended to gibe with the Nazi effort to isolate the U. S., cripple Britain, force a negotiated peace and weaken the U. S. by disunity and disquiet.

This is being carried out, of course, under the changed "party line," dictated under iron discipline from the Comintern in Moscow. So is the realignment to carry on party activities on an underground basis. This involves putting a minimum of material on record, not even membership receipts. Under the system not more than two local leaders meet at a time, each time in a different place. A third man acts as a contact and liaison agent to channel instructions to, and reports from, the local operatives.

In the current operations, it is suspected, much of the secret instructions and reports are fed through German consular agents, largely through San Francisco where the notorious Fritz Wiedemann is consul. The Reds also work closely with German-American Bund groups and other agencies of Nazi agitation in the U. S.

In short, the Communists have become one of the "native American" groups giving direct and conscious aid to the Nazis, but are seeking to veil this by subterranean activities. In this respect they are as dangerous as the groups whose Nazi-aiding status is less apparent because it is unwitting, with the motives of sponsors sincere according to their own lights. But the Nazis are indifferent to motives. All they want is results, and they are ready to make the most of every conceivable motive that can be used to get those results.

TEXAS CANADIAN WELL

A new producing well is stated to have been brought into production by Texas Canadian Oil Corp. on a semi-proved wildcat lease of 80 acres at Pine Island, Louisiana.

Well is flowing at a rate of 16 bbls. per hour, according to reports, with sand oil reported to be 40 ft. thick at a depth of 1,550 ft. in the well. The oil runs 42 degrees gravity and sells for $1.05 per bbl. Connections are being made with the Gulf pipe line.

Yukon Gold Corp. Year Near '39

But Both Production and Operating Profits Run Slightly Lower

From Our Own Correspondent

VANCOUVER. — Yukon Consolidated Gold Corporation reports production from its placer holdings in 1940 amounting to $2,621,000 with operating profits of $1,160,000.

This is regarded as a very satisfactory showing by the management although the figures are slightly less than for 1939, when gold returns totalled $2,742,161 and operating profits $1,421,378.

Directors of the company, according to announcement made by G. R. F. Troop, secretary-treasurer, have declared a dividend of 10 cents a share payable Feb. 15 to shareholders of record Jan. 22. This will involve a distribution of $547,694 on the 5,476,942 issued shares of the company. About five sixths of the shares are held in England.

Move No. 4 Dredge

Mr. Troop reports that dredge No. 4 which was responsible for nearly one third of 1939 production, reached the end of its ground early last July so that operations for the balance of the season were curtailed to that extent. The dredge is being re-erected on Bonanza Creek, and will resume operation next July.

Operations last year had the earliest start on record as all 10 dredges commenced digging before the end of April. Weather conditions generally were favorable, although the summer was extremely dry. The freeze-up early in November was earlier than usual.

A total of 10,401,000 cubic yards were dug last year, of which 5,763,000 cubic yards yielding $1,840,000 were dug from ground in the company's proved gravel reserves. Gravel yielding $777,000 was from ground in the Klondike valley not included in the company's reserves.

Slave Lake Mill Now Operating

With some minor delay due to replacement of a broken crusher part, Slave Lake Gold Mines is now gradually working its new mill into regular production. Tungsten and gold are expected to be the main products recovered with some tin concentrates.

Two raises now being put up from the second level are stated to be in good ore. Approximately 200 ft. of stopes have now been opened up on each of the second and third levels. A test hole put out on third level where there appeared to be some shearing returned an ounce gold across 2 ft. Further work revealed the main vein and 20 ft. of ore opened up had averaged better than an ounce gold across 2½ ft. at the last report received from the mine.

Mining Concentrates

Central Zeballos Gold Mines recovered $18,538 in December compared with $24,011 recovered in November. The holiday shutdown and lower grade development material are given as reasons for the decrease.

* * *

Falconbridge Nickel Mines realized an operating profit of $293,308 for the last quarter of 1940 compared with $105,124 the preceding three months. After all charges there was a $75,505 net profit the last quarter against a $116,154 net loss in the September quarter. After allowing for losses of liquid capital in Norway, working capital amounted to $4,823,510 as at Dec. 31, 1940, as compared with $4,512,563 three months earlier. As reported previously, the company is to go on full matte production. The excess of matte production over the two-thirds production still to be refined electrolytically at Port Colborne is to be liquidated differently, at figures which should provide a modicum of operating profit if the expectations of consequent decreased costs are realized.

* * *

Graham Bousquet Gold Mines participated in a prospecting venture in 1940 and now holds a 45% interest in 14 claims in the Savant Lake area. The company's holdings of 1.1 million shares of Bouscadillac Gold Mines have now been released from pool. As at Dec. 31, 1940, the company had $16,621 cash on hand and $36,075 in shares and bonds with $25,747 market value. Accounts payable were $913.

* * *

Granby Consolidated has declared a dividend of 15 cents a share payable March 1 to shareholders of record Feb. 14.

* * *

Jason Mines now expects a series of veins in the Camrock vicinity. The drift being put out to the north at the second level has turned more directly north and somewhat away from a surface drill hole which returned a value of $21 on the Camrock-Jason boundary. Underground drilling has also cut ore sections farther south, indicating a series of veins rather than just one vein. Drifting north at the sixth level of No. 2 shaft has been carried 55 ft., averaging $33.06 uncut across 23.3 in. Previous work to the south appears to have been off the vein which has been relocated and will be followed shortly. Upon electrification of the hoisting engine at No. 1 shaft now under way, this entry will be deepened 200 ft. or an additional two levels.

* * *

Kayrand Mining & Development Co. plans to start a development programme shortly on its properties in Dalquier twp., Quebec. Work will be carried out on a tungsten-bearing zone which is reported to have a width of 28 to 40 ft. Ten veins are reported altogether on the property. In previous work a shaft was sunk to a depth of 100 ft.

* * *

Madsen Red Lake Gold Mines had production of $279,545 from 33,657 tons of ore in the last quarter of 1940 with recovery averaging $8.31 a ton. December output was considerably lower due to installation of a new headframe ore bin, waste bins and preparation for a new hoist. For the first half of January, output was $64,956 from 6,317 tons, an average of $10.26 a ton. Increased production was partly due to a high-grade section encountered in a box hole on the South Austin ore body.

* * *

Springer Sturgeon Gold Mines plans to erect a mill of 100 tons capacity on its new barite property in Nova Scotia.

* * *

St. Anthony Gold Mines intersected its new west vein by crosscutting at the 875-ft. level with a width of 10 ft. showing where intersected. The first sample from the crosscut ran $12.58 across 38 in. with a check assay running $13.58 across the same width. Another assay gave $9 across 36 in. in this crosscut. Both walls of the crosscut were slashed out and the north face assayed $19 across 42 in. Drifting is now being carried to the north and south with the west break traced for 500 ft. on surface. As the ore has been encountered in the west break 875 ft. below surface it may possibly mean three to five years ore for the mine, it is stated.

* * *

Sullivan Consolidated Mines has declared a dividend of 3 cents a share payable Mar 15, 1941, to shareholders of record Feb. 15. The Conciliation Board appointed in the dispute between the company and its employees has recommended no increase in wages in view of the fact that the company had put into effect increases and adjustments during the past year. The company is said to be willing to make further adjustments when efficiency of the miners justifies such a step.

Nesbitt Thomson Gives Review of Gold Mining

In an illustrated 16-page booklet, Nesbitt, Thomson & Co. has issued a review entitled "Gold Mining in Canada—1940-41." The booklet details a large amount of information including world gold production, producing Canadian gold mines, and dividends paid, together with a map showing location of principal Canadian mines.

In assessing conditions under which gold mines are now operating, it is pointed out that mining companies are still permitted a depletion rate of 33 1/3% of operating profit, this amount being deductible before income and excess profit taxes. Stockholders are also allowed a depletion deduction of 20% on dividends received from mining companies.

Thompson-Lundmark Shaft Sinking Ends

Sinking of the No. 2 shaft at Thompson-Lundmark Gold Mines has now been completed to a depth of 834 ft. with new levels at 600 and 750 ft., the company reports.

Crosscutting at the 600-ft. level located the vein at this horizon and slashing for a distance of 11 ft. gave an average of 0.8 oz. across an average width of 2 ft.

Expenditures are stated to have been made in connection with the transmission line which will bring hydro-electric power to the property and in preparation for mill construction.

Century Mining Offering Notes

Proceeds to Be Used to Complete Mill With Capacity of 125 Tons

From Our Own Correspondent

MONTREAL. — Century Mining Corp. is offering $41,300 of five-year 6% collateral trust certificates at par plus accrued interest. The certificates are dated Sept. 30, 1940, and mature Sept. 30, 1945.

The company previously offered the total issue of $100,000 to shareholders of the company, who subscribed $58,700 of the issue. The unsubscribed portion is now being offered publicly.

Proceeds will be used in bringing the company's property into production. Bonus of 100 shares of capital stock, of $1 par value, is being offered for each $100 principal amount of certificates purchased.

Redemption Fund Set Up

The notes are callable at a premium of ½ of 1% of principal amount for each six months period prior to Sept. 30, 1945. Redemption fund is being established from one half of gross income from production, after deducting mining and milling expenses, but before other charges.

A. D. Macpherson, president, states that the company has contracted for complete milling equipment, to be delivered in March. An initial production rate of 125 tons a day is planned and provision is being made to raise the rate to between 150 tons and 200 tons daily.

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CENTURY MINING CORPORATION LIMITED

6% Five Year Collateral Trust Certificates

Interest Payable Semi-Annually — To Mature September 30th, 1945

By the Trust Deed Special Provisions are made including:

A REDEMPTION FUND which is to receive a large proportion of the Gross Profits from production to provide for the redemption of the Trust Certificates.

A Payment of a GOLD PREMIUM in the event of an increase in the price of Gold by the date of redemption.

A Payment of a PRE-MATURITY PREMIUM if certificates are called for redemption prior to the maturity date.

TRUSTEE: John Edward Moriarty.
REGISTRAR: Chartered Trust & Executor Company.
LEGAL OPINION: Messrs. Beaulieu, Gouin, Bourdon, Beaulieu and Montpetit.

Proceeds of this issue will be used entirely for production purposes.

PRICE: 100 and accrued interest to yield 6%.

A BONUS OF 100 SHARES OF COMMON STOCK WILL BE ISSUED WITH EACH $100. PRINCIPAL SUM OF TRUST CERTIFICATES.

Copies of the Official Prospectus will be supplied upon request.

Century Mining Corporation Limited
Telephone: MArquette 7372 — 266 Notre Dame Street West, Montreal

THESE ARE THE FACTS

of the Dominion-Provincial Conference on the Sirois Report

***IT IS PARTICULARLY IMPORTANT** at this critical phase of our national life that the people of the Province of Ontario should be given the facts and allowed to base their considerations and judgment on them.*

There is very little doubt that in many instances opinions have been based on speculation, propaganda and rumor.

The statements given herewith are taken from the Official Reports of the Conference as published by the Dominion Government.

HON. MITCHELL F. HEPBURN, PRIME MINISTER AND PROVINCIAL TREASURER OF ONTARIO, **(Vol. 1, Pages 14 to 20):**

"Mr. Prime Minister and gentlemen, during this time of stress and strain and ruthless warfare I have never publicly criticized the Sirois report or its recommendations. I did make a statement about the timing of the publication of the report because I believed then, and still believe, and am joined in this belief by many persons, that I did a public service in calling attention to the act of throwing into the arena of discussion a highly contentious document at a time when people who love the Empire and all it stands for are concerned with one thing, and one thing alone—the successful prosecution of a victorious war in which our national security is at stake. For if our effort fails, Hitler, and not the delegates present at this dominion-provincial conference, will settle our domestic problems.

In this regard the policy of the government of Ontario has not changed in any particular. Those of us who represent the central province have been consistent in our attitude.

Some while ago a former associate of mine in the House of Commons, my good friend the Minister of Finance, journeyed to Toronto, at which time he discussed with Mr. Nixon, Mr. McQuesten, Mr. Walters and myself the advisability of implementing the recommendations of the Sirois report. Along with my colleagues present, I urged—yes, almost begged him to use his influence to prevent this becoming a national issue during war time. I am satisfied he conveyed my message to the Prime Minister. I was, therefore, somewhat perplexed when, a few days later, I received a letter from the Prime Minister of Canada advising that a conference would be called and that the federal government was, in effect, recommending favourable consideration of the commission findings. Again, in order to maintain our consistency, I replied as follows:

'I have your letter of November 2nd, regarding the Sirois commission report.

'I was hopeful that a discussion of this problem could be delayed until after the war so that there could be no possibility of any controversial issue arising which might impair national unity and the effective prosecution of the war.

'However, in view of the fact that a conference is to be called it is the intention of this government to make available its representatives any time that may be required after the middle of January, as suggested by you.'

Later still, on December 28, 1940, the Prime Minister in a letter stated in part:

'In view of requests from several of the provinces, a proposed agenda which we will recommend to the conference has been worked out and is outlined below.'

Not having been asked for, nor having made any recommendations, I therefore am free to suggest that further consideration be given to the following sentence in the letter in question:

'I should like to emphasize the view of the government that the opening session should be confined to general statements and not to debate on points of detail or special circumstances.'

Public Should Be Informed

The following paragraph of the letter informs us that the conference will then resolve itself into working committees, which will sit in camera.

The Ontario delegates desire that we state our case publicly and briefly and at no time be a party to a scheme which withholds from the press and the public vital information to which they are justly entitled.

We were not informed nor consulted with regard to the terms of reference contained in the order in council passed by the dominion cabinet which gave life to the commission itself.

When Ontario's presentation was made we asked for nothing. When the findings were agreed upon by the commissioners, Ontario had no representative, Mr. Rowell having long before retired because of ill health. But later on we were presented with a costly five hundred thousand dollar report—the product of the minds of three professors and a Winnipeg newspaper man, none of whom had any governmental administrative experience, and whose opinions all of us cannot share.

In view of the fact that, in the report itself, it is stated that Mr. Rowell had nothing to do with it, his name, which has been tagged on for purposes of propaganda, can very well be omitted in future.

Those of us who believe in democracy abhor the very word propaganda because the circulation of ready-made opinions by any centrally-controlled power is the most dangerous enemy of civilization. From this perspective we see the evil working of such a vicious system in Europe, leaving in its wake misery and suffering which shakes one's faith in humanity itself.

Can Provinces and Dominion Both Win?

Let us guard carefully for fear a similar frankenstein does not appear in our midst. In the first flush of public reaction the propaganda machine made it appear that to implement this document would make the provinces richer and, at the same time, make the dominion richer by the simple process of transferring debts and revenues to the central government.

Inasmuch as there are only two parties to the deal, surely one need only to have an elementary knowledge of economics to appreciate the fact that both cannot win. Unless there are transferred with the debts sufficient existing provincial revenues, the dominion will have to increase taxes or debt or probably both. This does, however, offer an opportunity to explore every possibility of reducing all governmental costs in Canada and, to this end, Ontario is prepared to cooperate to the limit at the right time. That is a domestic problem to which we can devote time and effort as a post-war problem, and much better be it so too, because the financial problems of to-day may have very little relationship with those of a year hence.

I am convinced that the commissioners were genuinely sincere, and others also, when months ago they stated that by assuming the cost of employables on relief the dominion would render a financial favour to the provinces and the municipalities. But anyone who says so to-day, if conversant with the true facts, is guilty of unadulterated 'humbug'.

Unemployables Major Problem

Hon. Mr. Howe said some while ago that, since the report was written, more than half the employables have secured jobs and that the other half would be absorbed in industry during this year. I believe Mr. Howe. In fact, if we are going full out in this war effort, it is a reflection on the government not to put to work immediately the physically fit adult males of all Canada. But the end of employable relief problems does not by any means solve the issue. There is still left the army of unemployables, who to-day make up the vast burden of relief and, generally speaking, will continue to do so.

Under present arrangements, the dominion contributes forty per cent. towards the cost of food, clothing and shelter. If this report is adopted in its entirety, the dominion will contribute nothing and its former share will have to be borne by the provinces and municipalities after revenues, out of which these costs were formerly met, have been surrendered to the dominion. I am sure the actual working out of the system is quite different from that anticipated. When the report was written, on page 85, Book II, it is said that the taxes left to the provinces are more stable. In Ontario, we shall have left the profits from the Liquor Control Board operations, vehicle licences and gasoline tax. Where is the stability?

Wartime prohibition, as a dominion measure, has already been requested and, if my memory serves me correctly, the Minister of War Services stated, and quite properly so, that the federal government has the power to enact such a measure.

Already a Fuel Controller has been appointed and he has the power to regulate the distribution of gasoline. As a war measure, he could deprive us entirely of revenues from the licensed vehicles and gasoline. We should then have to go to the dominion authorities with a tin cup in our hands saying—'either contribute to the extent of our loss of revenue or pay for the social services of Ontario'—and, believe me, they are many and varied in this age of growing paternalism.

When the Prime Minister addressed to me on November 2nd, 1940, a letter with reference to this proposed conference, he said in part:

'While the cost of unemployment relief has been reduced, the war has cast additional burdens on governments and taxpayers alike. It has inevitably increased the competition between governments to secure revenues, and has aggravated the overlapping, cumbersome and discriminatory character of much of our tax structure.'

Ontario Co-operates on Income Tax

I take this opportunity of referring to the actions of the government of the province of Ontario with respect to the Income Tax Act of Ontario. Perhaps I should explain that the Income Tax Act of Ontario differs from the acts of most of the other provinces in this respect—that we allow as a deduction from the income of the Ontario taxpayer the amount of tax paid to the dominion government under the Income War Tax Act before we impose our own tax.

Is that interfering or competing with the dominion, especially as it has been admitted by former ministers of finance of Canada that for the dominion to levy an income tax at all is to invade provincial fields of taxation?

To make such an allowance as I have set out is not competing with the dominion; it is taking a secondary position to the dominion. Furthermore, let me state that the province of Ontario was the first province in Canada to arrange with the dominion to save the cost of collection of the income tax and the economic waste of time of taxpayers; Ontario arranged with the dominion government that the Ontario tax should be collected by the same dominion officers and at the same time as the dominion tax is collected.

That is not competition. That is cooperation, admitted by all, and due credit being given by all taxpayers affected.

Further, the dominion government on September 13th, 1939, added a surtax of 20 per cent. applicable to income of 1939 and subsequent periods. This meant a lesser amount of income left in the hands of the taxpayers to be subject to the Ontario tax. The province of Ontario agreed to absorb this loss in revenue.

Ontario Suffers Revenue Loss

On August 7th, 1940, the 20 per cent. surtax and all the old rates under the Dominion Income Tax Act were repealed and in their places newer and higher rates were enacted, and at the same time, exemptions were cut. These changes were applicable to the incomes of 1939. Besides these changes in rates, the new National Defence Tax was enacted applicable to incomes earned from July 1st, 1940. The effect of these added imposts was to seriously reduce the revenues of the province of Ontario, and it is estimated that for the fiscal year which begins on April 1, 1941, the province of Ontario will suffer a loss of revenue of upwards of two million dollars.

We have turned over the Elgin Hospital—a seven million dollar institution—and many other provincial properties, without payment or reward and will continue to do so.

We have curtailed our capital expenditures and have delayed necessary works—works that would have been profitable and would have yielded additional revenue.

Then, too, in an effort to encourage the incoming of American tourists who will bring with them much needed American dollars, so necessary to enable the dominion to save exchange and prosecute the war, the province of Ontario has undertaken to expend on publicity and advertising for tourists this year the sum of three hundred thousand dollars. That, according to officials of the dominion government, is cooperation, not competition.

And in respect to the Corporations Tax, it will be within the memory of the representatives of the various provinces here that the authorities of the dominion government have appointed a board to be presided over by the Hon. Charles P. McTague, Justice of the Supreme Court of Ontario, which board has been formed to determine the amount of obsolescence and depreciation that may be allowed taxpayers as a write-off against profits which will be subject to war taxation. The government of the province of Ontario has announced that it will accept without question the findings of this dominion-created board.

Ontario Not Competing

Time does not permit a lengthy recital of other acts of cooperation on the part of the government of the province of Ontario, but I challenge anyone to successfully charge the government of Ontario or, for that matter, any other province, with competition for revenue in fields that do not exclusively belong to the provinces, or with any lack of cooperation whatsoever.

On the other side of the picture, even although the organization of Resources Committee, patterned after the one that functioned so effectively in the last war, was set up by our Ontario Legislature—and by unanimous vote—the nucleus, with power to add, consisting of His Honour Lieutenant-Governor Matthews, Colonel Drew and myself—and even although well over a year ago we journeyed to Ottawa and personally pledged, on behalf of the organization, the fullest measure of cooperation in every possible war effort, the secretary of the organization now advises me that not a single request or communication has been received from the federal government.

Any just criticism that may be levelled against the government of Ontario for its considered judgment on this issue my colleagues and I accept without complaint. But if the propagandists believe for a moment that, because of our attitude, we will remain silent while insinuations are broadcast deliberately for the purpose of branding us as unpatriotic, unneighbourly with our sister provinces, or guilty of doing anything to block Canada in achieving our maximum war effort, then I say to them, 'We shall defend ourselves from that kind of attack here, on the floor of the legislature, and on the public platform.'

Here I avail myself of the opportunity of warning the purely financial press and others that they have overplayed their hands by attempting to cloak this report with the garments of patriotism and under the exigencies of war would do irreparable damage to both national unity and confidence.

I desire to quote one authority as a case in point. The Toronto *Star*, a supporter of the present federal government in its editorial of November 20th, 1940, says:

'The *Star* believes that the general idea of the report is a good one, the idea that the dominion should be the chief tax collector and, as an offset, assume certain provincial responsibilities.'

That was the then friendly policy of that paper. What did the *Star* say in its editorial of Saturday, January 11, 1941? I quote:

'The report has, naturally enough, strong backing. Great financial concerns and wealthy individuals who are holders of provincial bonds support a project which would place the credit of the dominion behind provincial securities whose market value has greatly deteriorated. A Toronto broker has estimated that adoption of the report might add as much as $20,000,000, $40,000,000 and $60,000,000 to the value of the bonds of Manitoba, Saskatchewan and Alberta, respectively. This gift to the bondholders would be more costly to Ontario than any other province. Ontario's own bonds would not be increased in value to any marked degree, as its credit closely approaches that of the dominion. A feature of the arrangement not generally realized is that in the case of Alberta the dominion would assume not only the provincial debt, but the defaulted interest on the same. This had reached $3,400,000 by 1937 and stands now at a much higher figure. Ontario's federal taxpayers provide nearly half the dominion revenue out of which this gift to the bondholders would be provided.'

That shows the changing opinion of that great publication. Why? Because that and other newspapers, sensing public opinion, are reflecting the growing suspicion of the awakening public mind. As a political observer I say that there is a fast developing body of opinion, not without cause, now promoting the idea that behind this untimely move, ostensibly as a war measure, is a well-cooked, nefarious deal to make good the losses in depreciation of certain bonds held largely by financial houses, to collect unpaid interest on Alberta bonds and to cause a sharp appreciation in bonds of certain provinces, which bonds were, because of circumstances beyond the control of the respective provincial treasurers, actually sold at much less than par, although the coupon rate was abnormally high. This possible huge capital appreciation is not even subject to federal income tax.

I solemnly warn those who are obviously pressing for such action that they may aggravate that suspicion and destroy completely public confidence in governments.

Canada Must Be United

Now I come to a subject of even greater importance—national unity. We have it to-day. All Canada is behind the prosecution of the war. We are a united people. We need be. We have a common foe in the dictators. I happen to know something about religious and racial issues. I can speak feelingly on this subject.

We tried, as a government, to remedy a simple obvious injustice and inequality with regard to school tax revenues. We failed, and the very ones we tried to help were as anxious as anyone else to have us retrace our steps. Is not a similar situation, on a larger scale developing today?

Already there are rumblings that Quebec is getting preferred treatment. I know that, to some extent, there are extenuating circumstances. But the fact remains that Quebec is being relieved of some of her municipal debts, while other provinces are not. Quebec is to receive an eight million dollar yearly irreducible subsidy, while others including Ontario, are not to receive a cent. Again there are extenuating circumstances. But explanations do not always explain such cases with certain sections of society.

The Toronto *Telegram* is a powerful newspaper and reflects the opinions of many citizens of Ontario who have a great respect for its considered opinions. The Toronto *Telegram* has dealt with this aspect of the report with great effect. I shall not quote from its editorials—that is not necessary. All I can say is not to underestimate the power of the press in this regard. This new issue being developed presents a challenge to those of us who believe in national unity. To blind ourselves to the obvious is not fair to Canada, not fair to our neighbouring province of Quebec, especially when by this deal, according to the best constitutional advice I can get, Quebec and the rest of us will have to agree to a surrender to a central authority of rights and privileges granted by the British North America Act. I say that so long as my colleagues and I have any say in directing public policy for Ontario and so long as there is a British North America Act in its present form, which cannot be amended at will by a mushroom government that may in future take office in Ottawa, we shall, as a sister province, stand solidly beside Quebec if at any time her minority rights are threatened. On this sound foundation of national unity we stand as firm and resolute as the Rock of Gibraltar itself. To lay hands on the life work of Sir Wilfrid Laurier and Sir John A. Macdonald is nothing short of national vandalism.

Do We Fiddle While London Burns?

In the post-war period we may have to open our gates to thousands, yes millions, of European homeless and destitute. If this eventuates, the British North America Act may serve a useful purpose until the process of assimilation is completed.

Is this the time to send a courier to bomb-torn London with a document in his hand and have him step into the Hall of Westminster and ask the British parliament to pause in its consideration of questions determining the very life of the British Empire in order to debate the question of a new constitution for Canada?

To me it is unthinkable that we should be fiddling while London is burning. In the heart of the Empire the citizenry—men, women, boys and girls—with their bare hands are beating out the flames spread by ruthless vandals upon the housetops and the roofs of their homes. Britons, on the shores of the sea and in the streets of their cities, will resist the invader foot by foot with their very lives, as their great leader said they would. Instantly concerned with their struggle to survive and to save us throughout this Empire and with nothing else, they are waging a winning fight to-day, the remembrance of which will never die while freedom lives. They have no other concern.

To-day, while these brave people are shielding their homes with their bodies and braving the bursting bombs and the hail of machine gun bullets, do we read that the Lord Mayor of London has paused in his efforts to save the nation and has called a meeting of the aldermen to consider a readjustment or a revision of the borough system of the great metropolis which is now a beleaguered fortress?

I listen to Mr. Churchill, to Mr. Roosevelt, the two great democratic leaders who stand out as beacon lights in this bewildered world to-day. I believe in their sincerity. Only an all-out effort will save civilization and christianity. Our central government now, under the War Measures Act, has extreme, even dictatorial, power. If there is anything specific that the dominion government wants to help in its war effort, say so, and I am sure every province will assist by passing immediately the necessary enabling legislation. This can be accomplished without controversy and without upsetting our reasonably well-organized system of government.

Ontario Shall Continue to Help

In our war effort we of Ontario believe we have been helpful and shall continue to be so, even to the extent of not joining in the clamour to unload over two billion dollars of debts of other public bodies on the dominion treasury in war time. The process of transfer itself would be involved and upsetting to our whole financial system. A transfer of all tax collection activities of the classes indicated in the report to the central authority could only be made after complicated and far reaching legislation could be enacted. The time and effort of the federal parliament would be devoted in this direction when every ounce of effort is required in the successful prosecution of the war. And while you thus obligated yourselves to fight this war with the last drop of printer's ink and to the last page of *Hansard*, confusion, utter confusion, would prevail in all governments as existing tax machinery bogged down.

We, in Ontario, I emphasize, have anxiously cooperated with the dominion government in its war effort and shall continue to do so. But this is a peacetime document, and we believe honestly and sincerely that the time to discuss it is not now, but only when the menace to our democracy, Christianity and freedom is removed by the complete defeat and even annihilation of the ruthless Axis powers."

HON. A. S. MacMILLAN, PRIME MINISTER OF NOVA SCOTIA, **(Vol. 1, page 22):**

"If we were asked to give a categorical answer favouring or opposing the report as a whole, that answer, representing Nova Scotia as we do, would have to be 'No'."

HON. J. B. McNAIR, K.C., PRIME MINISTER OF NEW BRUNSWICK, **(Vol. 1, page 23):**

"At the outset, I must say that we do not concur in the findings of the commission as set out in chapters V and VI of section F of Volume II, where certain special claims advanced by the government of New Brunswick are discussed."

HON. JOHN BRACKEN, PRIME MINISTER OF MANITOBA, **(Vol. 1, page 30):**

"Manitoba does not think it unreasonable, if it wanted to borrow money on the credit of the dominion, that it should be expected first to obtain the approval of such National Finance Commission. We feel satisfied that we shall have no difficulty in obtaining the approval of such a body in all cases where our application merits such approval. If a case comes up in which such approval is withheld, that will not prevent us if we think the object is a worthy one from borrowing upon our own credit. It has been suggested that such borrowing upon provincial credit alone will be impossible if the commission's recommendations are made effective. We do not agree. Any province which can borrow now could still borrow if the commission's recommendations were in force. The success of such borrowing in either case depends upon the credit of the province which is attempting to borrow. For example, with their resources we do not think that either Ontario or Quebec will have any difficulty in borrowing if this report is implemented; some other provinces might have; but is there not a question as to whether these latter could borrow satisfactorily even if the report is not implemented? If they could not, then they are certainly no worse off after implementation because then they can borrow in proper cases upon the credit of Canada.

The fact is, and the report makes it clear, that in the matter of future borrowing, the provinces are to be left in exactly the same position in which they now are. Indeed, they can continue to borrow upon their own credit. In addition, they are given a new and valuable right, exercisable wholly at their own option, of borrowing upon the credit of Canada."

HON. T. D. PATULLO, PRIME MINISTER OF BRITISH COLUMBIA, **(Vol. 1, pages 44 and 45):**

"Money, of course, is at the root of this whole question. While monetary measures should be based upon the productive capacity of our people, the productive capacity of our people can be amplified by wise monetary measures and other considerations.

We are now told that it is necessary immediately to implement the recommendations of the commission successfully in order to prosecute the war. The government of British Columbia disagrees with this view. I am sorry that the winning of the war has been used as an argument to fasten permanently upon the provinces and the Dominion of Canada a change in dominion-provincial relations which I firmly believe will work to the injury and not to the benefit of the dominion and the provinces of which it is composed.

If there had been no commission, war measures would still proceed; and right now without any change in our constitution the dominion can take any action deemed necessary to the winning of the war; and the people are solidly behind the government that every resource which we possess shall be brought into action at the earliest possible moment for the purpose of furthering our war effort.

Let us face this question fairly and squarely just as if there were no war, as was the condition at the time of the appointment of the commission; and not place those who believe that the proposals are of a harmful character under the indictment that they are hindering the war effort of this dominion.

Would Retard War Effort

The commission further states:

'The immediate effect of Plan I on dominion finances would be adverse, since in some degree provincial finances would have improved at the expense of those of the dominion.'

Inasmuch as the finances of the dominion, according to the commission, are not immediately to be improved but the reverse, it does not seem logical to suggest that the implementation of this recommendation of the commission is essential to our war effort. Rather does it suggest that during the period of the war the implementation of the plan will be a burden on the dominion's war effort, not alone through the assumption of additional financial obligations but through the time and effort which must necessarily be expended in the setting up of the new organization as proposed by the commission. It would therefore seem the part of wisdom to get on with the war and postpone so far-reaching and contentious a problem until after the war."

HON. WILLIAM ABERHART, PRIME MINISTER OF ALBERTA, **(Vol. 1, page 63):**

"Our people will ask, 'Why are they so anxious to raise an issue like this when we all have our hands full with the job of the war?' And the whisper has gone around, 'It is the money powers.'

I am going to speak frankly. I believe that the perilous situation which is facing our nation and the empire demands sincerity of speech and boldness of action. I maintain that it would be most unfortunate if the idea gains popular credence that there is a concerted and deliberate attempt being made by the money powers to increase centralized control of our national life while our attention is fully occupied with the prosecution of our war effort, and that thereby there is developing an endeavour to obtain an unfair advantage over the people by means of imposing upon them a crushing debt structure under which they will be further enslaved. I am sure that every man in this gathering must be aware that considerable suspicion has been aroused in the minds of many because of the intensity of the propaganda campaign and the great expenditure of money and the frantic and unwarranted haste that has been urged in connection with the adoption of the Rowell-Sirois recommendations.

Make no mistake about it. Not only the efforts to gain the adoption of these recommendations, but the barrage of obviously inspired propaganda to win support for the "union now" proposals have been causing growing uneasiness in the minds of many. Whether it is common knowledge or not, we in Alberta are fully informed on the action which was taken in Austraila regarding this sinister propaganda. In that British country they seem to have much more direct methods than we have to deal with such matters. We note that instead of allowing the use of radio facilities for its dissemination, as was done here, they treated this "union now" propaganda as being subversive to the British empire and raised such a storm of protest that public addresses on the subject had to be abandoned.

Surely it must be evident to any loyal British subject that to sit calmly and indifferently by while we are being hoodwinked and inveigled into a financial dictatorship or a fascist state, at a time when we are giving the best of our manhood to the empire and are sacrificing our all to overcome that foul thing which has raised its head in the world in many guises—a totalitarian order of centralized control and regimentation—is not only ridiculous but dangerously criminal. I have no apology to make for speaking thus."

HON. J. L. ILSLEY, DOMINION MINISTER OF FINANCE, **(Vol. 2, page 80):**

"I appreciate the cooperation that we have so far received from the provinces and I want to mention in particular the cooperation from the province of Ontario."

HON. T. B. McQUESTEN, K.C., ONTARIO MINISTER OF HIGHWAYS AND MUNICIPAL AFFAIRS, **(Vol. 2, pages 83 to 87):**

"Mr. Prime Minister and gentlemen, before this conference dissolves, the province of Ontario would like to place before it its financial position with regard to the effects of the Sirois report on the province's finances.

Perhaps I might properly preface what I have to say to-day by referring to two points touched upon by the Premier of Manitoba (Mr. Bracken) in the presentation of his argument before the opening session of the conference yesterday. Hon. Mr. Bracken made what I might call an earnest plea to the delegates of this conference, and particularly to the Premier of Ontario, to consider the attitude taken by the late Hon. George Brown at the various conferences leading up to confederation. In bringing Mr. Brown's name into the conference he has suggested that Mr. Brown very properly forgot his own personal feelings in the matter and joined hands with Macdonald and others in shaping confederation as expressed by the British North America Act.

I consider it rather an unfortunate choice of argument to ask that the Premier of Ontario emulate Brown. I hold that in taking the attitude he has, Hon. Mr. Hepburn has been but living up to the traditions of Brown, and has defended and upheld all that Brown stood for, and is safeguarding the rights and responsibilities vested in the separate provinces by confederation. I prefer to support and adopt the material structure which was created by Brown, rather than attempt to interpret its spirit, as Mr. Bracken has purported to do. If Mr. Bracken's argument were to prevail, history would be degraded, our ideals shattered, and the names of our public men cast into the ossuary of time.

Mr. Bracken was on better ground when he advanced the idea that provincial autonomy, without adequate revenues for discharging the functions of government for which provinces are responsible, is but little more than a farce. To put the same idea in another way, without fiscal independence there can be no provincial autonomy.

I am prepared to-day to review the financial history of the province of Ontario, particularly relating to the years since the present government has been in charge at Toronto.

Ontario Balances Budget

Briefly, let me state that we have followed since the 1st of April, 1936, a sound financial policy, as shown by our budgetary position. In 1936-37, 1937-38, and 1938-39, we had balanced budgets. This year we are promised by our premier who is also the provincial treasurer, a balanced budget, a surplus and a reduction in debt.

This wholesome and enviable budgetary position has placed us in a position to carry out a policy of assistance to the 900 municipalities which form the local government administrations of Ontario. For example, the province has assumed the entire capital cost of construction of our great highway system, the financial burden of which formerly rested in part upon the municipalities. The province also contributes in various ways toward highway construction expenditures by municipalities.

In matters of public health, Ontario has made great strides and has, since this government took charge, at an annual cost of millions of dollars, assumed the entire burden of the care of indigent tubercular patients. Public health in Ontario costs the province of Ontario a sum exceeding $900,000 per month.

Then, in exchange for the income tax, which was formerly collected by a few of the 900 municipalities, we have substituted a provincial income tax, and have assumed the entire cost of the share formerly borne by the municipalities of old age pensions and mothers' allowances.

The annual cost to the government of Ontario for old age pensions, as represented by the present fiscal year, amounts to three and a half million dollars. This includes the province's share of pensions for the blind.

The annual cost to the province of mothers' allowances this year will exceed the sum of five and a quarter million dollars. All of these items—that is, old age pensions, pensions for the blind and mothers' allowances—are annually increasing in amount. I quite agree with the estimate made by prominent actuaries that they will continue to increase for the next fifty years. It is difficult at this time to estimate the final limit of the cost of these three social services, which, as you are aware, were never dreamed of by the Fathers of Confederation.

We also pay to the municipalities an annual subsidy of one mill, based on the general assessment of the municipalities, and this amounts in round figures to the sum of three million dollars per annum.

Another function of government that is growing annually is education, and it is estimated that for the present fiscal year the province will spend upwards of thirteen million dollars.

Compares Relief Costs

One of the services that has cost enormous sums during the past decade is that of the cost of relief. Under the present basis of contribution the dominion pays 40 per cent. of direct relief costs, excluding medical services. Including medical services the dominion contribution is 38 per cent. of the total expenditure. For the present fiscal year, that is, the period ending March 31 next, relief will cost Ontario the sum of ten million dollars. Of this the dominion's share will be $3,800,000, the provincial share $4,300,000, and the municipalities' share $1,900,000.

Estimating the cost of relief for the fiscal year which begins April 1, 1941, calculated on the present basis of sharing the cost of relief, and estimated from the best available information, the relief picture in Ontario will be represented as follows:

Dominion share	$2,555,000
Provincial share	2,892,000
Municipal share	1,278,000

If the Sirois basis be adopted, for the fiscal year 1941-42, the cost is estimated as:

Dominion share	$ 566,00
Provincial share	4,927,000
Municipal share	1,232,000

Thus it will be observed that by adopting the Sirois basis the dominion would enjoy a saving of $1,989,000, while the province of Ontario would be called upon to increase its expenditures by the sum of $2,035,000, and the burden of the municipalities would be practically the same as under the present plan, the difference being less than $50,000. The officers of the treasury and welfare departments are here, and are supplied with all details with respect to relief figures, and in fact other relief figures, and we are prepared to discuss these matters in detail if and when required.

At this juncture I desire to make a statement with respect to the estimated saving or gain to the province of Ontario, as contained on page 96, Book II, of the recommendations of the Sirois commission.

The estimated savings or gain to the province of Ontario, on the 1937 base, is $5,326,000 per annum. But a careful analysis of the figures indicates that instead of a gain of $5,326,000, the actual net loss to the province for the 1937 period would be $6,432,000. Thus it will be seen that the information given on page 96 of the Sirois report as to the expected improvement in the financial position of the province on the 1937 base is inaccurate and not in accordance with the findings of the treasury department of the province of Ontario. This inaccuracy amounts to the large figure of $11,758,000. The reconciliation of these amounts is available and can be explained by the technical officers of the treasury department.

With respect to the present fiscal year, the situation is infinitely worse. If the Sirois plan were adopted and made effective for the present fiscal year, which ends on March 31 next, the province of Ontario would be faced with a certain net loss in revenues of the sum of $17,000,000. This for the present fiscal year alone.

The province will be required to give up annual revenues of	$40,000,000
Deduct from this, expenditure assumed by the dominion, and the one mill subsidy to the municipalities, which could not longer be paid, a total sum of	23,000,000
Leaves a loss of	$17,000,000

One of the first results of this loss in revenue, brought about by the giving up of the succession duty taxes, would be the loss in revenue to the University of Toronto of the sum of $500,000. I would refer you to the Revised Statutes of Ontario (1937) chapter 372, section 129, which is the statutory authority for payment from the proceeds of succession duties to the University of Toronto in the sum of $500,000 per annum.

Set Education Back 50 Years

But that is just one indication of what the loss in revenues would mean to education in our province. Education in Ontario would be set back fifty years. This would apply particularly to the "little red school house" and to the struggling separate schools, which under present conditions require the same as public schools—annual grants from the provincial treasury.

The splendid work done by the department of health of Ontario in waging a successful fight to stamp out the menace of tuberculosis, which fight is being conducted at an annual cost to the province of upwards of $3,000,000, could not be carried on, unless revenues from some other source were forthcoming.

This would involve some new type of taxation, but inasmuch as taxes on estates, taxes on incomes, taxes on corporations, and taxes on mining profits, would no longer be available to the province of Ontario, any additional burden of taxation required to raise revenue to continue a reasonable standard of education would inevitably fall upon real estate—upon the farmer, the home-owner and the business man.

I also bring to your attention the fact that municipalities of the province of Ontario will suffer for the present fiscal year by the implementation of the Sirois report, the loss in revenue exceeding $5,000,000.

Now, if you will add the net loss in revenue to be sustained by the province of Ontario of $17,000,000 to the $5,000,000 certain loss to be sustained this year by the municipalities of Ontario, you have the enormous sum of $22,000,000—net loss to the province and the municipalities.

This, Mr. Chairman, is only the beginning. These losses are bound to increase, because the functions of government left with the province are, from their very nature, increasing in their burdensome character, in so far as the need for revenue is concerned.

Real Estate Burden Intolerable

No one conversant with the problems of public finance that beset the provinces and the municipalities in Canada to-day will attempt to deny that the burden on real estate at present has reached a point where it is difficult for the farmer to meet his rates and taxes; it is discouraging for anyone to attempt to build a home; and, in fact, daily in Ontario discouraged home-owners are attempting to salvage something from their equities, and are parting with their homes, which represent in large measure their only life savings.

The real estate owner to-day, who can barely raise the amount of his taxes, will find that for every dollar of taxes he pays to-day in Ontario he will be called upon next year to pay $1.20. And this under war conditions, where the cost of living is already mounting, and is, generally speaking, ten per cent. higher than it was at the outbreak of the war.

As the Prime Minister has said, "You leave us with the expensive functions of government."

And I hold that the figures I have submitted prove that we will have insufficient funds to discharge these functions of government, that health and education in particular will suffer, and the standard of living of our citizens who are in the class of what might be described as the lower economic scale will be akin to a condition of servile dependency.

Now, Mr. Prime Minister, I have finished with my presentation of the financial effect of the report as it appears to this province, and I am authorized on behalf of the premier of the province of Ontario, the Ontario delegation, and the people of the province, to announce that our association with this so-called conference is over. Some other members may take this opportunity to present their reply to the financial address of the Hon. Mr. Ilsley, and to withdraw as we are doing. We leave it to the rest of the members to continue their efforts to do what we are bound to say would result in wrecking confederation, as we understand it, and in destroying provincial autonomy and rights. We are returning to our business, and our final word to the dominion is that word with which we opened: If the dominion decides to prosecute the war on a basis of cooperation we shall be ready, as we have always been in the past, to cooperate in every known way and to throw the full weight of our great province into the dominion's war endeavour."

RT. HON. ERNEST LAPOINTE, MINISTER OF JUSTICE AND ATTORNEY-GENERAL OF CANADA, **(Vol. 2, page 100):**

"I read the Ontario newspapers, and this morning I read a statement in a Toronto newspaper to the effect that this commission report was a Quebec report, prepared by and for Quebec, for the benefit of that province. That article urged the people of Ontario to oppose it. My friends who are here know that at the same time in the province of Quebec this report is considered by some as leading to the destruction of provincial autonomy and the sacred rights of the citizens of that province. It has been stated that the French-Canadian race will be enslaved if this report is adopted and accepted."

RT. HON. W. L. MACKENZIE KING, PRIME MINISTER OF CANADA, **(Vol. 2, page 112):**

"May I say this next. When my colleagues and I considered the calling of this conference there was between us a great diversity of view as to the wisdom of having such a gathering at this time. In saying that I do not think I am betraying any cabinet secret which I am sworn to respect. I for one took the view that it was very doubtful whether it would be wise to have a conference in war time."

HON. ADELARD GODBOUT, PRIME MINISTER OF THE PROVINCE OF QUEBEC, **(Vol. 2, page 117).**

(The Prime Minister's remarks were given in French, the following is the English translation):

"Should the continuation of this conference constitute a menace to Canadian unity, I would suggest, Mr. Prime Minister, that it be dissolved."

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